

ANNUAL STATEMENT

OF THE

BLUE CROSS & BLUE SHIELD OF RHODE ISLAND

of PROVIDENCE COUNTY

in the state of RHODE ISLAND

TO THE

Insurance Department

OF THE

STATE OF RHODE ISLAND

**FOR THE YEAR ENDED
December 31, 2005**

HEALTH

2005



53473200520100100

ANNUAL STATEMENT
FOR THE YEAR ENDING DECEMBER 31, 2005
OF THE CONDITION AND AFFAIRS OF THE
BLUE CROSS & BLUE SHIELD OF RHODE ISLAND

NAIC Group Code 1224 1224 NAIC Company Code 53473 Employer's ID Number 05-0158952
(Current Period) (Prior Period)
Organized under the Laws of RHODE ISLAND , State of Domicile or Port of Entry RHODE ISLAND
Country of Domicile US
Licensed as business type: Life, Accident & Health ☐ Property/Casualty ☐ Hospital, Medical & Dental Service or Indemnity ☒
Dental Service Corporation ☐ Vision Service Corporation ☐ Health Maintenance Organization ☐
Other ☐ Is HMO Federally Qualified? YES ☐ NO ☐
Incorporated/Organized: February 27, 1939 Commenced Business: September 1, 1939
Statutory Home Office: 444 WESTMINSTER STREET PROVIDENCE, RI 02903
Main Administrative Office: 444 WESTMINSTER STREET PROVIDENCE, RI 02903 401-459-1000
Mail Address: 444 WESTMINSTER STREET PROVIDENCE, RI 02903
Primary Location of Books and Records: ONE EMPIRE PLAZA PROVIDENCE, RI 02903 401-459-1000
Internet Website Address: WWW.BCBSRI.COM
Statutory Statement Contact: BRIAN M. O'MALLEY 401-459-1924
O'MALLEY.B@BCBSRI.ORG 401-459-1875
Policyowner Relations Contact: LORI QUARANTA PROVIDENCE, RI 02903 401-459-5520

OFFICERS

	Name	Title
1.	<u>JAMES E. PURCELL, ESQ.</u>	<u>PRESIDENT & CHIEF EXECUTIVE OFFICER</u>
2.	<u>JAMES JOY</u>	<u>SR. V.P. & CHIEF FINANCIAL OFFICER</u>
3.	<u></u>	<u></u>

Vice-Presidents

Name	Title	Name	Title
<u>THOMAS A. BOYD</u>	<u>EXEC. VICE PRESIDENT</u>	<u>MATTHEW T. BRANNIGAN</u>	<u>V.P.-SALES</u>
<u>RICHARD P. FARIAS</u>	<u>EXEC. VICE PRESIDENT</u>	<u>ERIC GASBARRO #</u>	<u>V.P.-HUMAN RESOURCES</u>
<u>JOHN H. GORMAN</u>	<u>V.P.-PLANNING</u>	<u>DALE D. HUFF</u>	<u>V.P.-CHIEF COMMUN. OFFICER</u>
<u>JAMES JOY</u>	<u>SR. V.P. & CHIEF FINANCIAL OFFICER</u>	<u>STEPHAN B. KATINAS</u>	<u>V.P.-CONTRACTING</u>
<u>MICHELE LEDERBERG #</u>	<u>GENERAL COUNSEL & V.P.</u>	<u>LINDA H. NEWTON</u>	<u>V.P.-COMMUNITY RELATIONS</u>
<u>MICHAEL H. SAMUELSON</u>	<u>V.P.-HEALTH & WELLNESS</u>	<u>EVERETT J. SUTHERLAND #</u>	<u>V.P.-INFORMATION TECHNOLOGY SERV.</u>
<u>LYNNE A. URBANI</u>	<u>SR. V.P. -PROVIDER RELATIONS</u>	<u></u>	<u></u>
<u></u>	<u></u>	<u></u>	<u></u>
<u></u>	<u></u>	<u></u>	<u></u>

DIRECTORS OR TRUSTEES

<u>FRANCES X. BASILE, JR. M.D. #</u>	<u>JUDGE EDWARD C. CLIFTON</u>	<u>THOMAS L. FALCONE</u>	<u>SAMUEL H. HAVENS</u>
<u>MONICA HORAN, ESQ.</u>	<u>JUANA I. HORTON</u>	<u>DEBORAH R. JACOBSON</u>	<u>BRADFORD B. KOPP</u>
<u>WILLIAM C. MCGOWAN</u>	<u>ARTHUR J. MITCHELL, JR.</u>	<u>KENNETH M. MOFFAT</u>	<u>FRANK J. MONTANARO</u>
<u>ANNE E. POWERS #</u>	<u>EDWIN L. RUSSELL</u>	<u>SHELDON S. SOLLOSY</u>	<u>BRADLEY J. WAUGH #</u>
<u>MARC S. WEINBERG, M.D.</u>	<u></u>	<u></u>	<u></u>
<u></u>	<u></u>	<u></u>	<u></u>
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<u></u>	<u></u>	<u></u>	<u></u>

State of RHODE ISLAND
County of PROVIDENCE ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

<u>(Signature)</u> <u>JAMES E. PURCELL, ESQ.</u> <u>(Printed Name)</u> 1. <u>PRESIDENT & CHIEF EXECUTIVE OFFICER</u> <u>(Title)</u>	<u>(Signature)</u> <u>JAMES JOY</u> <u>(Printed Name)</u> 2. <u>SR. V.P. & CHIEF FINANCIAL OFFICER</u> <u>(Title)</u>	<u>(Signature)</u> <u>(Printed Name)</u> 3. <u>(Title)</u>
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Subscribed and sworn to before me this _____ day of _____, 2006

a. Is this an original filing? YES ☒ NO ☐

b. If no: 1. State the amendment number _____
2. Date filed _____
3. Number of pages attached _____

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D)	468,594,860		468,594,860	323,192,717
2. Stocks (Schedule D):				
2.1 Preferred stocks	241,000		241,000	
2.2 Common stocks	22,868,404		22,868,404	126,943,136
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ 0 encumbrances)	19,005,641		19,005,641	19,548,917
4.2 Properties held for the production of income (less \$ 0 encumbrances)				
4.3 Properties held for sale (less \$ 0 encumbrances)				
5. Cash (\$ (26,472,702) , Schedule E-Part 1), cash equivalents (\$ 16,325,360 Schedule E-Part 2) and short-term investments (\$ 11,317,712 , Schedule DA)	1,170,369		1,170,369	20,740,214
6. Contract loans (including \$ 0 premium notes)				
7. Other invested assets (Schedule BA)				2,711,120
8. Receivables for securities				
9. Aggregate write-ins for invested assets				
10. Subtotals, cash and invested assets (Lines 1 to 9)	511,880,274		511,880,274	493,136,104
11. Title plants less \$ 0 charged off (for Title insurers only)				
12. Investment income due and accrued	4,511,722		4,511,722	3,220,831
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection	24,297,167	189,536	24,107,631	26,243,719
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 0 earned but unbilled premiums)				5,225,983
13.3 Accrued retrospective premiums	747,674		747,674	653,621
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers	298,989		298,989	48,061
14.2 Funds held by or deposited with reinsured companies				
14.3 Other amounts receivable under reinsurance contracts				
15. Amounts receivable relating to uninsured plans	18,247,447		18,247,447	13,942,263
16.1 Current federal and foreign income tax recoverable and interest thereon	3,296		3,296	
16.2 Net deferred tax asset	14,767,660	9,339,111	5,428,549	5,915,235
17. Guaranty funds receivable or on deposit				
18. Electronic data processing equipment and software	30,029,743	29,207,749	821,994	673,376
19. Furniture and equipment, including health care delivery assets (\$ 0)	3,940,094	3,940,094		
20. Net adjustment in assets and liabilities due to foreign exchange rates				
21. Receivables from parent, subsidiaries and affiliates				7,397,709
22. Health care (\$ 10,714,830) and other amounts receivable	10,714,830	130,599	10,584,231	5,951,466
23. Aggregate write-ins for other than invested assets	28,205,325	10,400,347	17,804,978	15,340,085
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	647,644,221	53,207,436	594,436,785	577,748,453
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26. Total (Lines 24 and 25)	647,644,221	53,207,436	594,436,785	577,748,453

DETAILS OF WRITE-INS				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 09 from overflow page				
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)				
2301. PNS EQUIPMENT/BLUE CROSS MDSE INVENTORY	176,142		176,142	68,405
2302. COLLATERAL FUND HOME & HOST	666,538		666,538	585,034
2303. FEP UNPAID CLAIMS	6,297,000		6,297,000	6,619,000
2398. Summary of remaining write-ins for Line 23 from overflow page	21,065,645	10,400,347	10,665,298	8,067,646
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	28,205,325	10,400,347	17,804,978	15,340,085

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ 0 reinsurance ceded)	137,053,161		137,053,161	133,980,642
2. Accrued medical incentive pool and bonus amounts	75,076		75,076	
3. Unpaid claims adjustment expenses	24,332,567		24,332,567	21,425,190
4. Aggregate health policy reserves				
5. Aggregate life policy reserves				
6. Property/casualty unearned premium reserves				
7. Aggregate health claim reserves				
8. Premiums received in advance	24,641,059		24,641,059	20,837,141
9. General expenses due or accrued	30,008,495		30,008,495	25,981,979
10.1Current federal and foreign income tax payable and interest thereon (including \$ 238,890 on realized capital gains (losses))	4,813,821		4,813,821	1,226,363
10.2Net deferred tax liability				
11. Ceded reinsurance premiums payable				
12. Amounts withheld or retained for the account of others	1,155,015		1,155,015	1,227,484
13. Remittance and items not allocated	285,340		285,340	5,618
14. Borrowed money (including \$ 0 current) and interest thereon \$ 0 (including \$ 0 current)				
15. Amounts due to parent, subsidiaries and affiliates				14,972,878
16. Payable for securities				
17. Funds held under reinsurance treaties with (\$ 0 authorized reinsurers and \$ 0 unauthorized reinsurers)				
18. Reinsurance in unauthorized companies				
19. Net adjustments in assets and liabilities due to foreign exchange rates				
20. Liability for amounts held under uninsured accident and health plans	27,237,203		27,237,203	27,955,901
21. Aggregate write-ins for other liabilities (including \$ 9,128,412 current)	28,932,751		28,932,751	43,605,100
22. Total liabilities (Lines 1 to 21)	278,534,488		278,534,488	291,218,296
23. Aggregate write-ins for special surplus funds	X X X	X X X		
24. Common capital stock	X X X	X X X		
25. Preferred capital stock	X X X	X X X		
26. Gross paid in and contributed surplus	X X X	X X X		
27. Surplus notes	X X X	X X X		
28. Aggregate write-ins for other than special surplus funds	X X X	X X X		
29. Unassigned funds (surplus)	X X X	X X X	315,902,297	286,530,157
30. Less treasury stock, at cost:				
30.1 0 shares common (value included in Line 24 \$ 0)	X X X	X X X		
30.2 0 shares preferred (value included in Line 25 \$ 0)	X X X	X X X		
31. Total capital and surplus (Lines 23 to 29 minus Line 30)	X X X	X X X	315,902,297	286,530,157
32. Total liabilities, capital and surplus (Lines 22 and 31)	X X X	X X X	594,436,785	577,748,453

DETAILS OF WRITE-INS				
2101. UNFUNDED BENEFIT OBLIG/OTHER CARRIER PAYABLES	19,900,008		19,900,008	25,426,921
2102. FEP & MISCELLANEOUS CLAIMS PAYABLES	1,822,977		1,822,977	1,122,875
2103. OTHER ACCOUNTS PAYABLE	6,209,892		6,209,892	4,210,956
2198. Summary of remaining write-ins for Line 21 from overflow page	999,874		999,874	12,844,348
2199. Totals (Lines 2101 through 2103 plus 2198) (Line 21 above)	28,932,751		28,932,751	43,605,100
2301.	X X X	X X X		
2302.	X X X	X X X		
2303.	X X X	X X X		
2398. Summary of remaining write-ins for Line 23 from overflow page	X X X	X X X		
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	X X X	X X X		
2801.	X X X	X X X		
2802.	X X X	X X X		
2803.	X X X	X X X		
2898. Summary of remaining write-ins for Line 28 from overflow page	X X X	X X X		
2899. Totals (Lines 2801 through 2803 plus 2898) (Line 28 above)	X X X	X X X		

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1	2	3
	Uncovered	Total	Total
1. Member Months	X X X	5,305,000	4,313,831
2. Net premium income (including \$ 0 non-health premium income)	X X X	1,586,311,420	1,066,573,617
3. Change in unearned premium reserves and reserve for rate credits	X X X		
4. Fee-for-service (net of \$ 0 medical expenses)	X X X		
5. Risk revenue	X X X		
6. Aggregate write-ins for other health care related revenues	X X X		
7. Aggregate write-ins for other non-health revenues	X X X		
8. Total revenues (Lines 2 to 7)	X X X	1,586,311,420	1,066,573,617
Hospital and Medical:			
9. Hospital/medical benefits		1,036,541,269	628,508,662
10. Other professional services		37,109,015	37,659,808
11. Outside referrals			
12. Emergency room and out-of-area		90,594,121	96,265,104
13. Prescription drugs		181,107,703	132,401,946
14. Aggregate write-ins for other hospital and medical		44,687,912	26,613,233
15. Incentive pool, withhold adjustments, and bonus amounts			
16. Subtotal (Lines 9 to 15)		1,390,040,020	921,448,753
Less:			
17. Net reinsurance recoveries		1,210,412	249,647
18. Total hospital and medical (Lines 16 minus 17)		1,388,829,608	921,199,106
19. Non-health claims (net)			
20. Claims adjustment expenses, including \$ 21,158,163 cost containment expenses		57,681,083	48,983,849
21. General administrative expenses		109,475,928	79,888,241
22. Increase in reserves for life and accident and health contracts (including \$ 0 increase in reserves for life only)			
23. Total underwriting deductions (Lines 18 through 22)		1,555,986,619	1,050,071,196
24. Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	30,324,801	16,502,421
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)		17,015,185	12,455,041
26. Net realized capital gains (losses) less capital gains tax of \$ 0		1,712,404	184,587
27. Net investment gains (losses) (Lines 25 plus 26)		18,727,589	12,639,628
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$ 0) (amount charged off \$ 0)]			
29. Aggregate write-ins for other income or expenses		(11,096,601)	(9,688,229)
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	X X X	37,955,789	19,453,820
31. Federal and foreign income taxes incurred	X X X	6,901,258	5,219,158
32. Net income (loss) (Lines 30 minus 31)	X X X	31,054,531	14,234,662

DETAILS OF WRITE-INS			
0601.	X X X		
0602.	X X X		
0603.	X X X		
0698. Summary of remaining write-ins for Line 6 from overflow page	X X X		
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	X X X		
0701.	X X X		
0702.	X X X		
0703.	X X X		
0798. Summary of remaining write-ins for Line 7 from overflow page	X X X		
0799. Totals (Lines 0701 through 0703 plus 0798) (Line 07 above)	X X X		
1401. MENTAL HEALTH		44,687,912	26,613,233
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page			
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)		44,687,912	26,613,233
2901. BLUECARD INTEREST/OTHER INTEREST		(211,626)	(15,532)
2902. REAL ESTATE INCOME		14,341	13,815
2903. BANK SERVICE CHARGES		(267,110)	(199,513)
2998. Summary of remaining write-ins for Line 29 from overflow page		(10,632,206)	(9,486,999)
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)		(11,096,601)	(9,688,229)

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1	2
	Current Year	Prior Year
CAPITAL & SURPLUS ACCOUNT		
33. Capital and surplus prior reporting year	286,530,157	261,482,379
GAINS AND LOSSES TO CAPITAL & SURPLUS		
34. Net income or (loss) from Line 32	31,054,531	14,234,662
35. Change in valuation basis of aggregate policy and claim reserves		
36. Change in net unrealized capital gains (losses) less capital gains tax of \$ 0	(1,558,912)	11,957,884
37. Change in net unrealized foreign exchange capital gain or (loss)		
38. Change in net deferred income tax	(7,723)	1,453,111
39. Change in nonadmitted assets	(5,860,649)	(1,478,786)
40. Change in unauthorized reinsurance		
41. Change in treasury stock		
42. Change in surplus notes		
43. Cumulative effect of changes in accounting principles		
44. Capital Changes:		
44.1 Paid in		
44.2 Transferred from surplus (Stock Dividend)		
44.3 Transferred to surplus		
45. Surplus adjustments:		
45.1 Paid in		
45.2 Transferred to capital (Stock Dividend)		
45.3 Transferred from capital		
46. Dividends to stockholders		
47. Aggregate write-ins for gains or (losses) in surplus	5,744,893	(1,119,093)
48. Net change in capital and surplus (Lines 34 to 47)	29,372,140	25,047,778
49. Capital and surplus end of reporting year (Line 33 plus 48)	315,902,297	286,530,157

DETAILS OF WRITE-INS		
4701. CHANGE IN UNRECOGNIZED PRIOR SERVICE COST	5,744,893	(2,836,020)
4702. NON LEDGER ACCRUAL FOR PROPERTY TAXES		1,716,927
4703.		
4798. Summary of remaining write-ins for Line 47 from overflow page		
4799. Totals (Lines 4701 through 4703 plus 4798) (Line 47 above)	5,744,893	(1,119,093)

CASH FLOW			1	2
Cash from Operations			Current Year	Prior Year
1.	Premiums collected net of reinsurance		1,582,236,880	1,067,361,831
2.	Net investment income		18,435,414	12,191,980
3.	Miscellaneous income		(11,096,601)	(9,688,229)
4.	Total (Lines 1 through 3)		1,589,575,693	1,069,865,582
5.	Benefit and loss related payments		1,444,672,391	921,982,833
6.	Net transfers to Separate, Segregated Accounts and Protected Cell Accounts			
7.	Commissions, expenses paid and aggregate write-ins for deductions		105,992,506	76,717,756
8.	Dividends paid to policyholders			
9.	Federal and foreign income taxes paid (recovered) \$ 342,481 net of tax on capital gains (losses)		3,715,613	1,535,347
10.	Total (Lines 5 through 9)		1,554,380,510	1,000,235,936
11.	Net cash from operations (Line 4 minus Line 10)		35,195,183	69,629,646
Cash from Investments				
12.	Proceeds from investments sold, matured or repaid:			
12.1	Bonds		174,627,425	52,444,107
12.2	Stocks		15,345,290	9,147,949
12.3	Mortgage loans			
12.4	Real estate			
12.5	Other invested assets			
12.6	Net gains or (losses) on cash, cash equivalents and short-term investments			
12.7	Miscellaneous proceeds			105,082
12.8	Total investment proceeds (Lines 12.1 to 12.7)		189,972,715	61,697,138
13.	Cost of investments acquired (long-term only):			
13.1	Bonds		215,961,070	96,980,927
13.2	Stocks		11,965,386	21,682,609
13.3	Mortgage loans			
13.4	Real estate		15,972	27,518
13.5	Other invested assets			
13.6	Miscellaneous applications		17,233,056	19,015,230
13.7	Total investments acquired (Lines 13.1 to 13.6)		245,175,484	137,706,284
14.	Net increase (decrease) in contract loans and premium notes			
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)		(55,202,769)	(76,009,146)
Cash from Financing and Miscellaneous Sources				
16.	Cash provided (applied):			
16.1	Surplus notes, capital notes			
16.2	Capital and paid in surplus, less treasury stock			
16.3	Borrowed funds			
16.4	Net deposits on deposit-type contracts and other insurance liabilities			
16.5	Dividends to stockholders			
16.6	Other cash provided (applied)		437,741	(863,479)
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)		437,741	(863,479)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS				
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)		(19,569,845)	(7,242,979)
19.	Cash, cash equivalents and short-term investments:			
19.1	Beginning of year		20,740,214	27,983,193
19.2	End of year (Line 18 plus Line 19.1)		1,170,369	20,740,214

Note: Supplemental disclosures of cash flow information for non-cash transactions:

20.0001.		
20.0002.		
20.0003.		

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS (Gain and Loss Exhibit)

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other Health	Other Non- Health
1. Net premium income	1,586,311,420	1,015,326,219	42,306,380	41,221,634		86,913,873	365,450,943	35,092,371					
2. Change in unearned premium reserves and reserve for rate credit													
3. Fee-for-service (net of \$ 0 medical expenses)													X X X
4. Risk revenue													X X X
5. Aggregate write-ins for other health care related revenues													X X X
6. Aggregate write-ins for other non-health care related revenues		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
7. Total revenues (Lines 1 to 6)	1,586,311,420	1,015,326,219	42,306,380	41,221,634		86,913,873	365,450,943	35,092,371					
8. Hospital/medical benefits	1,036,541,269	616,791,769	43,421,125			80,050,342	276,970,729	19,307,304					X X X
9. Other professional services	37,109,015			37,109,015									X X X
10. Outside referrals													X X X
11. Emergency room and out-of-area	90,594,121	64,830,814					24,084,411	1,678,896					X X X
12. Prescription drugs	181,107,703	150,118,903					23,624,824	7,363,976					X X X
13. Aggregate write-ins for other hospital and medical	44,687,912	37,893,805					4,449,371	2,344,736					X X X
14. Incentive pool, withhold adjustments and bonus amounts													X X X
15. Subtotal (Lines 8 to 14)	1,390,040,020	869,635,291	43,421,125	37,109,015		80,050,342	329,129,335	30,694,912					X X X
16. Net reinsurance recoveries	1,210,412	420,154					896,320	(106,062)					X X X
17. Total hospital and medical (Lines 15 minus 16)	1,388,829,608	869,215,137	43,421,125	37,109,015		80,050,342	328,233,015	30,800,974					X X X
18. Non-health claims (net)		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
19. Claims adjustment expenses including \$ 21,158,163 cost containment expenses	57,681,083	39,562,975	2,270,822	1,094,258		2,296,607	10,936,691	1,519,730					
20. General administrative expenses	109,475,928	81,917,481	3,630,483	1,749,448		2,263,782	17,485,062	2,429,672					
21. Increase in reserves for accident and health contracts													X X X
22. Increase in reserves for life contracts		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
23. Total underwriting deductions (Lines 17 to 22)	1,555,986,619	990,695,593	49,322,430	39,952,721		84,610,731	356,654,768	34,750,376					
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	30,324,801	24,630,626	(7,016,050)	1,268,913		2,303,142	8,796,175	341,995					

DETAILS OF WRITE-INS													
0501.													X X X
0502.													X X X
0503.													X X X
0598. Summary of remaining write-ins for Line 5 from overflow page													X X X
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above)													X X X
0601.		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0602.		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0603.		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0698. Summary of remaining write-ins for Line 6 from overflow page		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
1301. MENTAL HEALTH	44,687,912	37,893,805					4,449,371	2,344,736					X X X
1302.													X X X
1303.													X X X
1398. Summary of remaining write-ins for Line 13 from overflow page													X X X
1399. Totals (Lines 1301 through 1303 plus 1398) (Line 13 above)	44,687,912	37,893,805					4,449,371	2,344,736					X X X

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

	1	2	3	4
Line of Business	Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Cols. 1 + 2 - 3)
1. Comprehensive (hospital and medical)	1,015,724,975		398,756	1,015,326,219
2. Medicare Supplement	42,306,380			42,306,380
3. Dental only	41,221,634			41,221,634
4. Vision only				
5. Federal Employees Health Benefits Plan	86,913,873			86,913,873
6. Title XVIII - Medicare	366,284,132		833,189	365,450,943
7. Title XIX - Medicaid	35,382,636		290,265	35,092,371
8. Stop loss				
9. Disability income				
10. Long-term care				
11. Other health				
12. Health subtotal (Lines 1 through 11)	1,587,833,630		1,522,210	1,586,311,420
13. Life				
14. Property / casualty				
15. Totals (Lines 12 to 14)	1,587,833,630		1,522,210	1,586,311,420

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2 - CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other Health	Other Non-Health
1. Payments during the year:													
1.1 Direct	1,386,967,501	898,721,656	43,871,125	37,028,015		80,372,342	299,078,211	27,896,152					
1.2 Reinsurance assumed													
1.3 Reinsurance ceded	1,210,412	420,154					896,320	(106,062)					
1.4 Net	1,385,757,089	898,301,502	43,871,125	37,028,015		80,372,342	298,181,891	28,002,214					
2. Paid medical incentive pools and bonuses													
3. Claim liability December 31, current year from Part 2A:													
3.1 Direct	137,053,161	88,007,276	7,547,000	2,352,000		6,297,000	30,051,125	2,798,760					
3.2 Reinsurance assumed													
3.3 Reinsurance ceded													
3.4 Net	137,053,161	88,007,276	7,547,000	2,352,000		6,297,000	30,051,125	2,798,760					
4. Claim reserve December 31, current year from Part 2D:													
4.1 Direct													
4.2 Reinsurance assumed													
4.3 Reinsurance ceded													
4.4 Net													
5. Accrued medical incentive pools and bonuses, current year	75,076		75,076										
6. Net healthcare receivables (a)													
7. Amounts recoverable from reinsurers December 31, current year	298,990	171,062	127,928										
8. Claim liability December 31, prior year from Part 2A:													
8.1 Direct	195,294,592	136,541,412	7,997,000	2,543,000		6,619,000	37,440,658	4,153,522					
8.2 Reinsurance assumed													
8.3 Reinsurance ceded													
8.4 Net	195,294,592	136,541,412	7,997,000	2,543,000		6,619,000	37,440,658	4,153,522					
9. Claim reserve December 31, prior year from Part 2D:													
9.1 Direct													
9.2 Reinsurance assumed													
9.3 Reinsurance ceded													
9.4 Net													
10. Accrued medical incentive pools and bonuses, prior year													
11. Amounts recoverable from reinsurers December 31, prior year	48,061	48,061											
12. Incurred benefits:													
12.1 Direct	1,328,726,070	850,187,520	43,421,125	36,837,015		80,050,342	291,688,678	26,541,390					
12.2 Reinsurance assumed													
12.3 Reinsurance ceded	1,461,341	543,155	127,928				896,320	(106,062)					
12.4 Net	1,327,264,729	849,644,365	43,293,197	36,837,015		80,050,342	290,792,358	26,647,452					
13. Incurred medical incentive pools and bonuses	75,076		75,076										

(a) Excludes \$ 0 loans or advances to providers not yet expensed

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other Health	Other Non-Health
1. Reported in Process of Adjustment:													
1.1 Direct	41,014,612	27,978,965	377,350	898,464		1,920,585	8,932,919	906,329					
1.2 Reinsurance assumed													
1.3 Reinsurance ceded													
1.4 Net	41,014,612	27,978,965	377,350	898,464		1,920,585	8,932,919	906,329					
2. Incurred but Unreported:													
2.1 Direct	96,038,549	60,028,311	7,169,650	1,453,536		4,376,415	21,118,206	1,892,431					
2.2 Reinsurance assumed													
2.3 Reinsurance ceded													
2.4 Net	96,038,549	60,028,311	7,169,650	1,453,536		4,376,415	21,118,206	1,892,431					
3. Amount Withheld from Paid Claims and Capitations:													
3.1 Direct													
3.2 Reinsurance assumed													
3.3 Reinsurance ceded													
3.4 Net													
4. TOTALS:													
4.1 Direct	137,053,161	88,007,276	7,547,000	2,352,000		6,297,000	30,051,125	2,798,760					
4.2 Reinsurance assumed													
4.3 Reinsurance ceded													
4.4 Net	137,053,161	88,007,276	7,547,000	2,352,000		6,297,000	30,051,125	2,798,760					

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2B - ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1. Comprehensive (hospital and medical)	112,690,911	785,610,591	10,419,971	77,587,305	123,110,882	136,541,412
2. Medicare Supplement	7,986,174	35,884,951	210,426	7,336,574	8,196,600	7,997,000
3. Dental Only	2,205,696	34,822,319	24,006	2,327,994	2,229,702	2,543,000
4. Vision Only						
5. Federal Employees Health Benefits Plan	6,465,026	73,907,316	121,487	6,175,513	6,586,513	6,619,000
6. Title XVIII - Medicare	28,391,738	269,790,153	(360,494)	30,411,619	28,031,244	37,440,658
7. Title XIX - Medicaid	3,580,766	24,421,448	100,145	2,698,615	3,680,911	4,153,522
8. Other health						
9. Health subtotal (Lines 1 to 8)	161,320,311	1,224,436,778	10,515,541	126,537,620	171,835,852	195,294,592
10. Healthcare receivables (a)						
11. Other non-health						
12. Medical incentive pools and bonus amounts						
13. Totals (Lines 9 - 10 + 11 + 12)	161,320,311	1,224,436,778	10,515,541	126,537,620	171,835,852	195,294,592

(a) Excludes \$ 0 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Hospital & Medical

Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2001	2 2002	3 2003	4 2004	5 2005
1. Prior	1,512,112	1,516,384	1,516,413	1,516,175	1,516,131
2. 2001	694,873	784,278	784,583	783,877	783,404
3. 2002	X X X	729,294	814,993	815,844	815,247
4. 2003	X X X	X X X	757,177	833,521	832,800
5. 2004	X X X	X X X	X X X	802,598	917,126
6. 2005	X X X	X X X	X X X	X X X	785,611

Section B - Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2001	2 2002	3 2003	4 2004	5 2005
1. Prior	1,531,430	1,516,383	1,516,412	1,516,174	1,516,131
2. 2001	803,108	805,276	784,583	783,877	783,404
3. 2002	X X X	725,010	839,637	815,844	815,247
4. 2003	X X X	X X X	856,789	858,690	832,800
5. 2004	X X X	X X X	X X X	837,889	935,712
6. 2005	X X X	X X X	X X X	X X X	804,196

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3 / 2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5 / 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9 / 1) Percent
1. 2001	941,174	783,404			783,404	83.237			783,404	83.237
2. 2002	935,417	815,247			815,247	87.153			815,247	87.153
3. 2003	998,935	832,800			832,800	83.369			832,800	83.369
4. 2004	1,084,759	917,126	18,586	2.027	935,712	86.260	10,420	1,868	948,000	87.393
5. 2005	1,015,326	785,611	18,585	2.366	804,196	79.206	77,587	13,906	895,689	88.217

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF INCURRED HEALTH CLAIMS

(000 Omitted)

Medicare Supplement

Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2001	2 2002	3 2003	4 2004	5 2005
1. Prior	112,770	112,969	112,884	112,964	112,959
2. 2001	36,448	42,685	42,894	42,948	42,956
3. 2002	X X X	42,027	48,092	48,218	48,232
4. 2003	X X X	X X X	40,177	46,646	46,871
5. 2004	X X X	X X X	X X X	42,251	49,995
6. 2005	X X X	X X X	X X X	X X X	35,885

Section B - Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2001	2 2002	3 2003	4 2004	5 2005
1. Prior	113,117	112,969	112,974	112,964	112,959
2. 2001	44,603	43,101	42,894	42,948	42,956
3. 2002	X X X	49,813	48,228	48,218	48,232
4. 2003	X X X	X X X	47,378	48,026	46,914
5. 2004	X X X	X X X	X X X	43,457	50,859
6. 2005	X X X	X X X	X X X	X X X	36,793

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3 / 2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5 / 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9 / 1) Percent
1. 2001	50,230	42,956			42,956	85.519			42,956	85.519
2. 2002	57,523	48,232			48,232	83.848			48,232	83.848
3. 2003	56,667	46,871	43	0.092	46,914	82.789			46,914	82.789
4. 2004	56,633	49,995	864	1.728	50,859	89.805	210	21	51,090	90.212
5. 2005	42,306	35,885	908	2.530	36,793	86.969	7,337	749	44,879	106.082

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF INCURRED HEALTH CLAIMS
(000 Omitted)

Dental Only

Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2001	2 2002	3 2003	4 2004	5 2005
1. Prior	60,995	60,995	60,995	60,995	60,994
2. 2001	18,703	20,219	20,219	20,217	20,215
3. 2002	X X X	20,170	21,457	21,454	21,453
4. 2003	X X X	X X X	31,870	34,518	34,521
5. 2004	X X X	X X X	X X X	35,247	37,453
6. 2005	X X X	X X X	X X X	X X X	34,822

Section B - Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2001	2 2002	3 2003	4 2004	5 2005
1. Prior	60,995	60,995	60,995	60,995	60,994
2. 2001	20,561	20,221	20,219	20,217	20,215
3. 2002	X X X	21,746	21,471	21,454	21,453
4. 2003	X X X	X X X	34,631	35,539	34,522
5. 2004	X X X	X X X	X X X	36,291	38,217
6. 2005	X X X	X X X	X X X	X X X	35,588

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3 / 2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5 / 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9 / 1) Percent
1. 2001	25,223	20,215			20,215	80.145			20,215	80.145
2. 2002	26,328	21,453			21,453	81.484			21,453	81.484
3. 2003	39,027	34,521	2	0.006	34,523	88.459			34,523	88.459
4. 2004	41,714	37,453	764	2.040	38,217	91.617	24	7	38,248	91.691
5. 2005	41,222	34,822	766	2.200	35,588	86.333	2,328	643	38,559	93.540

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF INCURRED HEALTH CLAIMS
(000 Omitted)
Vision Only

Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2001	2 2002	3 2003	4 2004	5 2005
1. Prior					
2. 2001					
3. 2002	X X X	NONE			
4. 2003	X X X				
5. 2004	X X X		X X X		
6. 2005	X X X		X X X	X X X	

Section B - Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2001	2 2002	3 2003	4 2004	5 2005
1. Prior					
2. 2001					
3. 2002	X X X	NONE			
4. 2003	X X X				
5. 2004	X X X		X X X		
6. 2005	X X X		X X X	X X X	

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3 / 2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5 / 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9 / 1) Percent
1. 2001										
2. 2002										
3. 2003										
4. 2004										
5. 2005										

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF INCURRED HEALTH CLAIMS

(000 Omitted)

Federal Employees Health Benefits Plan

Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2001	2 2002	3 2003	4 2004	5 2005
1. Prior	64,407	64,471	64,471	64,489	64,483
2. 2001	31,747	36,165	36,165	36,222	36,221
3. 2002	X X X	35,090	39,313	39,348	39,340
4. 2003	X X X	X X X	43,699	48,557	48,664
5. 2004	X X X	X X X	X X X	51,090	57,462
6. 2005	X X X	X X X	X X X	X X X	73,907

Section B - Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2001	2 2002	3 2003	4 2004	5 2005
1. Prior	64,649	64,471	64,471	64,489	64,483
2. 2001	36,342	36,335	36,165	36,222	36,221
3. 2002	X X X	40,546	39,407	39,348	39,340
4. 2003	X X X	X X X	49,780	49,993	48,719
5. 2004	X X X	X X X	X X X	52,603	59,070
6. 2005	X X X	X X X	X X X	X X X	75,570

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3 / 2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5 / 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9 / 1) Percent
1. 2001	39,301	36,221			36,221	92.163			36,221	92.163
2. 2002	43,451	39,340			39,340	90.539			39,340	90.539
3. 2003	51,870	48,664	55	0.113	48,719	93.925			48,719	93.925
4. 2004	61,050	57,462	1,608	2.798	59,070	96.757	121	27	59,218	96.999
5. 2005	86,914	73,907	1,663	2.250	75,570	86.948	6,176	1,384	83,130	95.646

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF INCURRED HEALTH CLAIMS

(000 Omitted)

Title XVIII - Medicare

Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1	2	3	4	5
	2001	2002	2003	2004	2005
1. Prior	415,660	491,120	461,662	461,753	461,753
2. 2001	219,919	248,045	248,264	248,233	248,228
3. 2002	X X X	240,322	264,164	265,142	264,929
4. 2003	X X X	X X X	249,604	276,927	277,424
5. 2004	X X X	X X X	X X X	277,388	305,501
6. 2005	X X X	X X X	X X X	X X X	269,790

Section B - Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1	2	3	4	5
	2001	2002	2003	2004	2005
1. Prior	459,911	461,607	461,662	461,753	461,753
2. 2001	252,311	248,766	248,264	248,233	248,228
3. 2002	X X X	273,281	264,860	265,142	264,929
4. 2003	X X X	X X X	276,648	278,453	277,640
5. 2004	X X X	X X X	X X X	313,541	311,454
6. 2005	X X X	X X X	X X X	X X X	275,959

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in which Premiums were Earned and Claims were Incurred	1	2	3	4	5	6	7	8	9	10
	Premiums Earned	Claims Payments	Claim Adjustment Expense Payments	(Col. 3 / 2) Percent	Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	(Col. 5 / 1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	(Col. 9 / 1) Percent
1. 2001	267,091	248,228			248,228	92.938			248,228	92.938
2. 2002	297,547	264,929			264,929	89.038			264,929	89.038
3. 2003	317,270	277,424	216	0.078	277,640	87.509			277,640	87.509
4. 2004	337,644	305,501	5,953	1.949	311,454	92.243	(361)	(63)	311,030	92.118
5. 2005	365,451	269,790	6,169	2.287	275,959	75.512	30,412	5,299	311,670	85.284

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF INCURRED HEALTH CLAIMS

(000 Omitted)

Title XIX - Medicaid

Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1	2	3	4	5
	2001	2002	2003	2004	2005
1. Prior	18,825	18,911	18,915	18,921	18,921
2. 2001	4,658	5,474	5,489	5,487	5,488
3. 2002	X X X	10,890	12,665	12,738	12,764
4. 2003	X X X	X X X	17,110	19,264	19,097
5. 2004	X X X	X X X	X X X	20,359	24,079
6. 2005	X X X	X X X	X X X	X X X	24,421

Section B - Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1	2	3	4	5
	2001	2002	2003	2004	2005
1. Prior	18,844	18,911	18,915	18,921	18,921
2. 2001	5,712	5,889	5,489	5,487	5,488
3. 2002	X X X	13,351	13,004	12,737	12,764
4. 2003	X X X	X X X	20,048	19,508	19,097
5. 2004	X X X	X X X	X X X	24,268	24,659
6. 2005	X X X	X X X	X X X	X X X	25,000

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in which Premiums were Earned and Claims were Incurred	1	2	3	4	5	6	7	8	9	10
	Premiums Earned	Claims Payments	Claim Adjustment Expense Payments	(Col. 3 / 2) Percent	Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	(Col. 5 / 1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	(Col. 9 / 1) Percent
1. 2001	7,336	5,488			5,488	74.809			5,488	74.809
2. 2002	15,009	12,764			12,764	85.042			12,764	85.042
3. 2003	21,057	19,097			19,097	90.692			19,097	90.692
4. 2004	26,537	24,079	580	2.409	24,659	92.923	100	18	24,777	93.368
5. 2005	35,092	24,421	579	2.371	25,000	71.241	2,699	474	28,173	80.283

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF INCURRED HEALTH CLAIMS
(000 Omitted)

Other

Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2001	2 2002	3 2003	4 2004	5 2005
1. Prior					
2. 2001					
3. 2002	X X X	NONE			
4. 2003	X X X				
5. 2004	X X X		X X X		
6. 2005	X X X		X X X	X X X	

Section B - Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2001	2 2002	3 2003	4 2004	5 2005
1. Prior					
2. 2001					
3. 2002	X X X	NONE			
4. 2003	X X X				
5. 2004	X X X		X X X		
6. 2005	X X X		X X X	X X X	

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3 / 2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5 / 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9 / 1) Percent
1. 2001										
2. 2002										
3. 2003										
4. 2004										
5. 2005										

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF INCURRED HEALTH CLAIMS

(000 Omitted)

Grand Total

Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2001	2 2002	3 2003	4 2004	5 2005
1. Prior	2,184,769	2,264,850	2,235,340	2,235,297	2,235,241
2. 2001	1,006,348	1,136,866	1,137,614	1,136,984	1,136,512
3. 2002	X X X	1,077,793	1,200,684	1,202,744	1,201,965
4. 2003	X X X	X X X	1,139,637	1,259,433	1,259,377
5. 2004	X X X	X X X	X X X	1,228,933	1,391,616
6. 2005	X X X	X X X	X X X	X X X	1,224,436

Section B - Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2001	2 2002	3 2003	4 2004	5 2005
1. Prior	2,248,946	2,235,336	2,235,429	2,235,296	2,235,241
2. 2001	1,162,637	1,159,588	1,137,614	1,136,984	1,136,512
3. 2002	X X X	1,123,747	1,226,607	1,202,743	1,201,965
4. 2003	X X X	X X X	1,285,274	1,290,209	1,259,692
5. 2004	X X X	X X X	X X X	1,308,049	1,419,971
6. 2005	X X X	X X X	X X X	X X X	1,253,106

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3 / 2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5 / 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9 / 1) Percent
1. 2001	1,330,355	1,136,512			1,136,512	85.429			1,136,512	85.429
2. 2002	1,375,275	1,201,965			1,201,965	87.398			1,201,965	87.398
3. 2003	1,484,826	1,259,377	316	0.025	1,259,693	84.838			1,259,693	84.838
4. 2004	1,608,337	1,391,616	28,355	2.038	1,419,971	88.288	10,514	1,878	1,432,363	89.059
5. 2005	1,586,311	1,224,436	28,670	2.341	1,253,106	78.995	126,539	22,455	1,402,100	88.387

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY

	1	2	3	4	5	6	7	8	9	10	11	12
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other
1. Unearned premium reserves												
2. Additional policy reserves (a)												
3. Reserve for future contingent benefits												
4. Reserve for rate credits or experience rating refunds (including \$ 0) for investment income												
5. Aggregate write-ins for other policy reserves												
6. Totals (gross)												
7. Reinsurance ceded												
8. Total (Net) (Page 3, Line 4)												
9. Present value of amounts not yet due on claims												
10. Reserve for future contingent benefits												
11. Aggregate write-ins for other claim reserves												
12. Totals (gross)												
13. Reinsurance ceded												
14. Total (Net) (Page 3, Line 7)												

DETAILS OF WRITE-INS												
0501.												
0502.												
0503.												
0598. Summary of remaining write-ins for Line 5 from overflow page												
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above)												
1101.												
1102.												
1103.												
1198. Summary of remaining write-ins for Line 11 from overflow page												
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)												

(a) Includes \$ 0 premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3	4	5
	1	2			
	Cost Containment Expenses	Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1. Rent (\$ 3,269,232 for occupancy of own building)		2,562,668	4,438,313		7,000,981
2. Salaries, wages and other benefits	24,038,926	8,847,242	59,270,592		92,156,760
3. Commissions (less \$ 0 ceded plus \$ 0 assumed)			15,279,158		15,279,158
4. Legal fees and expenses			3,818,998		3,818,998
5. Certifications and accreditation fees					
6. Auditing, actuarial and other consulting services	2,610,025	1,933,718	9,497,032		14,040,775
7. Traveling expenses	301,278	338,013	1,107,196		1,746,487
8. Marketing and advertising			3,286,629		3,286,629
9. Postage, express and telephone	872,089	1,391,696	3,920,673		6,184,458
10. Printing and office supplies	670,753	344,610	1,758,517		2,773,880
11. Occupancy, depreciation and amortization	222,151	278,044	866,293		1,366,488
12. Equipment					
13. Cost or depreciation of EDP equipment and software	1,304,564	2,785,727	7,055,055		11,145,346
14. Outsourced services including EDP, claims, and other services	931,674	31,978,175	26,385,097		59,294,946
15. Boards, bureaus and association fees			4,358,962		4,358,962
16. Insurance, except on real estate	7,269	362,124	639,757		1,009,150
17. Collection and bank service charges		10,161	17,598		27,759
18. Group service and administration fees			2,063,097		2,063,097
19. Reimbursements by uninsured accident and health plans	(8,432,233)	(15,181,208)	(37,753,574)		(61,367,015)
20. Reimbursements from fiscal intermediaries			(300,806)		(300,806)
21. Real estate expenses				2,428,810	2,428,810
22. Real estate taxes				840,422	840,422
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes					
23.2 State premium taxes					
23.3 Regulator authority licenses and fees	11,546	39,321	88,097		138,964
23.4 Payroll taxes	1,442,636	378,941	3,154,808		4,976,385
23.5 Other (excluding federal income and real estate taxes)					
24. Investment expenses not included elsewhere					
25. Aggregate write-ins for expenses	(2,822,515)	453,688	524,436	958,047	(886,344)
26. Total expenses incurred (Lines 1 to 25)	21,158,163	36,522,920	109,475,928	4,227,279	(a) 171,384,290
27. Less expenses unpaid December 31, current year	8,689,029	15,643,538	28,611,899	1,396,595	54,341,061
28. Add expenses unpaid December 31, prior year	6,738,682	17,254,446	25,128,477	1,328,901	50,450,506
29. Amounts receivable relating to uninsured accident and health plans, prior year					
30. Amounts receivable relating to uninsured accident and health plans, current year					
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	19,207,816	38,133,828	105,992,506	4,159,585	167,493,735

DETAILS OF WRITE-INS					
2501. ADMINISTRATIVE ALLOWANCES	214,981	354,423	(204,924)		364,480
2502. MISCELLANEOUS	290,104	131,026	729,360		1,150,490
2503. HOME PLAN SERVICE CHARGE		7,713,970			7,713,970
2598. Summary of remaining write-ins for Line 25 from overflow page	(3,327,600)	(7,745,731)		958,047	(10,115,284)
2599. Totals (Lines 2501 through 2503 + 2598) (Line 25 above)	(2,822,515)	453,688	524,436	958,047	(886,344)

(a) Includes management fees of \$ 0 to affiliates and \$ 958,047 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1	2
	Collected During Year	Earned During Year
1. U.S. Government bonds	(a) 9,794,454	9,719,014
1.1 Bonds exempt from U.S. tax	(a) 8,603,796	8,795,350
1.2 Other bonds (unaffiliated)	(a)	
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)	358,698	358,698
2.21 Common stocks of affiliates		
3. Mortgage loans	(c)	
4. Real estate	(d) 3,894,886	3,894,886
5. Contract loans	816,467	816,467
6. Cash, cash equivalents and short-term investments	(e)	
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income		(26,770)
10. Total gross investment income	23,468,301	23,557,645
11. Investment expenses		(g) 4,227,279
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i) 571,663
15. Aggregate write-ins for deductions from investment income		1,743,517
16. Total deductions (Lines 11 through 15)		6,542,459
17. Net investment income (Line 10 minus Line 16)		17,015,186
DETAILS OF WRITE-INS		
0901. PROMPT PAY INTEREST		(89,040)
0902. INCOME FROM PARKING LOTS		62,270
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page		
0999. Totals (Lines 0901 through 0903) plus 0998 (Line 9, above)		(26,770)
1501. INC/(DEC) BY ADJUSTMENT IN BOOK VALUE		1,743,517
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		
1599. Totals (Lines 1501 through 1503) plus 1598 (Line 15, above)		1,743,517
(a) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.		
(b) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued dividends on purchases.		
(c) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.		
(d) Includes \$ 0 for company's occupancy of its own buildings; and excludes \$ 0 interest on encumbrances.		
(e) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.		
(f) Includes \$ 0 accrual of discount less \$ 0 amortization of premium.		
(g) Includes \$ 0 investment expenses and \$ 0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.		
(h) Includes \$ 0 interest on surplus notes and \$ 0 interest on capital notes.		
(i) Includes \$ 0 depreciation on real estate and \$ 0 depreciation on other invested assets.		

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1	2	3	4
	Realized Gain (Loss) On Sales or Maturity	Other Realized Adjustments	Increases (Decreases) by Adjustment	Total
1. U.S. Government bonds	(614,252)		(684,942)	(1,299,194)
1.1 Bonds exempt from U.S. tax				
1.2 Other bonds (unaffiliated)	115,574		(1,058,575)	(943,001)
1.3 Bonds of affiliates				
2.1 Preferred stocks (unaffiliated)				
2.11 Preferred stocks of affiliates				
2.2 Common stocks (unaffiliated)	2,211,082			2,211,082
2.21 Common stocks of affiliates				
3. Mortgage loans				
4. Real estate				
5. Contract loans				
6. Cash, cash equivalents and short-term investments				
7. Derivative instruments				
8. Other invested assets				
9. Aggregate write-ins for capital gains (losses)				
10. Total capital gains (losses)	1,712,404		(1,743,517)	(31,113)

DETAILS OF WRITE-INS				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 9 from overflow page				
0999. Totals (Lines 0901 through 0903) plus 0998 (Line 9, above)				

EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks		4,613,254	4,613,254
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			
3.2 Other than first liens			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			
4.2 Properties held for the production of income			
4.3 Properties held for sale			
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			
6. Contract loans			
7. Other invested assets (Schedule BA)			
8. Receivables for securities			
9. Aggregate write-ins for invested assets			
10. Subtotals, cash and invested assets (Lines 1 to 9)		4,613,254	4,613,254
11. Title plants (for Title insurers only)			
12. Investment income due and accrued			
13. Premiums and considerations:			
13.1 Uncollected premiums and agents' balances in the course of collection	189,536	155,548	(33,988)
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			
13.3 Accrued retrospective premiums			
14. Reinsurance:			
14.1 Amounts recoverable from reinsurers			
14.2 Funds held by or deposited with reinsured companies			
14.3 Other amounts receivable under reinsurance contracts			
15. Amounts receivable relating to uninsured plans			
16.1 Current federal and foreign income tax recoverable and interest thereon			
16.2 Net deferred tax asset	9,339,111	8,734,707	(604,404)
17. Guaranty funds receivable or on deposit			
18. Electronic data processing equipment and software	29,207,749	26,765,340	(2,442,409)
19. Furniture and equipment, including health care delivery assets	3,940,094	1,348,876	(2,591,218)
20. Net adjustment in assets and liabilities due to foreign exchange rates			
21. Receivable from parent, subsidiaries and affiliates			
22. Health care and other amounts receivable	130,599	111,759	(18,840)
23. Aggregate write-ins for other than invested assets	10,400,346	5,617,302	(4,783,044)
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	53,207,435	47,346,786	(5,860,649)
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
26. Total (Lines 24 and 25)	53,207,435	47,346,786	(5,860,649)

DETAILS OF WRITE-INS			
0901.			
0902.			
0903.			
0998. Summary of remaining write-ins for Line 09 from overflow page			
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)			
2301. PREPAID EXPENSES	9,106,911	5,155,555	(3,951,356)
2302. LEASEHOLD IMPROVEMENTS	39,578	153,455	113,877
2303. UNFUNDED ACCUMULATED BENEFIT OBLIGATION	1,253,857	308,292	(945,565)
2398. Summary of remaining write-ins for Line 23 from overflow page			
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	10,400,346	5,617,302	(4,783,044)

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health Maintenance Organizations						
2. Provider Service Organizations						
3. Preferred Provider Organizations	273,416	348,944	340,809	332,115	334,688	4,080,691
4. Point of Service						
5. Indemnity Only	20,699	20,552	20,794	18,772	19,412	238,856
6. Aggregate write-ins for other lines of business	73,773	75,936	87,763	90,339	89,347	985,453
7. Total	367,888	445,432	449,366	441,226	443,447	5,305,000

DETAILS OF WRITE-INS						
0601. MEDICARE SUPPLEMENT	34,852	33,394	27,152	26,875	26,564	349,489
0602. DENTAL ONLY	38,921	42,542	60,611	63,464	62,783	635,964
0603.						
0698. Summary of remaining write-ins for Line 6 from overflow page						
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	73,773	75,936	87,763	90,339	89,347	985,453

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Accounting Practices

The annual statement has been completed in accordance with the NAIC Accounting Practices and Procedures manual.

The Plan's 2005 annual statement excludes Administrative Service Contract (ASC) business from revenue, and medical and hospital claims. The ASC reimbursement has been classified as a reduction to claims adjustment and general administrative expenses.

B. Use of Estimates in the Preparation of the Financial Statements

The preparation of the financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

C. Accounting Policy

- (1) Short-term investments are stated at amortized cost.
- (2) Bonds not backed by other loans are stated at amortized cost using the interest method.
- (3) Common Stocks at market except that investments in stocks of uncombined subsidiaries and affiliates in which the Plan has an interest of 20% or more are carried on the equity basis.
- (4) Preferred stock is stated at cost.
- (5) The Plan does not have mortgage loans on real estate.
- (6) Loan-backed securities are stated at either amortized cost or the lower of amortized cost or fair market value. The prospective adjustment method is used to value all securities except for interest only securities or securities where the yield had become negative.
- (7) The Plan does not have ownership interests in subsidiaries, controlled and affiliated companies.
- (8) The Plan does not have ownership interests in joint ventures.
- (9) The Plan does not own derivative investments.
- (10) The Plan did not have a need to calculate a premium deficiency reserve.
- (11) Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined.
- (12) The Company has not modified its capitalization policy from the prior period.
- (13) The Plan's pharmacy benefit manager provides estimated pharmacy rebates on a quarterly basis.

2. Accounting Changes and Correction of Errors

There were no Accounting Changes and Correction of Errors in 2005.

3. Business Combinations and Goodwill

B) Statutory Merger

- (1) The Plan liquidated its subsidiary Coordinated Health Partners, Inc. (CHiP) on January 1, 2005.
- (2) The transaction was accounted for as a statutory merger.
- (3) The Plan does not have outstanding shares of stock.

NOTES TO FINANCIAL STATEMENTS

- (4) The liquidation was effective January 1, 2005.
- (5) No adjustments were made directly to the surplus of the Plan as a result of the merger.

4. Discontinued Operations

The Plan did not incur discontinued operations for 2005.

5. Investments

- A. The Plan did not have any outstanding mortgage loans in 2005.
- B. The Plan did not have any debt restructuring in 2005.
- C. The Plan did not have any reverse mortgages in 2005.
- D. Loan-Backed Securities
 - (1) The Plan utilizes the prospective method for loan backed securities.
 - (2) The Plan obtains the prepayment assumptions from the investment manager.
 - (3) The Plan utilizes the fair market value as published by the NAIC valuation of securities manual. If the rate is not published by the SVO, the security is carried at amortized value in accordance with NAIC guidelines.
 - (4) The Plan did not change methodology in determining yields on securities.
- E. Repurchase Agreements
 - For repurchase agreements, the Plan ensures that the fair market value of the collateralized security exceeds the amount under agreement to repurchase.
- F. The Plan does not hold real estate for investment purposes.

6. Joint Ventures, Partnerships and Limited Liability Companies

The Plan does not have an investment interest in joint ventures, partnerships and limited liability companies.

7. Investment Income

The Plan has not excluded from assigned funds (surplus) any investment income due and accrued.

8. Derivative Instruments

The Plan does not own any derivative instruments.

9. Income Taxes

- A. The components of the net deferred tax asset/(liability) at December 31 are as follows:

	<u>Dec. 31, 2005</u>	<u>Jan 1, 2005</u>
(1) Total of all deferred tax assets (admitted and nonadmitted)	\$76,815,989	\$68,362,719
(2) Total of all deferred tax liabilities	\$829,558	\$689,008
(3) Total deferred tax assets nonadmitted in accordance with SSAP No. 10 Income Tax	\$70,557,881	\$61,633,035
(4) Increase (decrease) in deferred tax assets nonadmitted	\$8,924,846	(\$5,287,754)

- B. Non Applicable

- C. Current income taxes incurred consist of the following major components:

	<u>2005</u>	<u>2004</u>
Net Gain/(Loss) Before Taxes	\$13,865,973	\$13,393,467
<u>Tax Adjustments:</u>		
Employee Benefits (Pension, Postretirement, Postemployment, Workers Compensation, etc.)	1,164,598	707,969
Claims Reserve Discounting	61,934	30,267

NOTES TO FINANCIAL STATEMENTS

Allowance for Doubtful Accounts	(74,149)	(219,953)
Abandonment of Intangible Assets	(131,305)	(175,509)
Maternity Benefits	82,250	23,100
Investments (Unrealized, Sale, Maturity, Bond Discounting)	204,915	(85,116)
Interest	135,770	600,924
Nondeductible Expenses (Travel, Dues, Contributions, etc.)	551,610	288,469
Contributions Carryforward (net of Nondeductible contribution)	0	163,090
Risk Loss/ Loss Contracts	0	(209,243)
Lobbying	43,143	85,942
Contingent Reserve	(703,500)	1,578,501
Fixed Assets (Depreciation, Sales)	969,600	(127,224)
Dividends	12,778	12,326
Dividends Received Deduction	(61,517)	(55,714)
State Income Tax	30,751	(648,196)
Use of 2003 Net Capital Loss	0	(58,585)
Special 3 Months Reserve Deduction	(16,152,853)	(2,868,416)
Tax Contingent	2,610,385	0
Chip's State Income Tax Adjustment	(13,900)	0
AMT Tax/ (Credit)	9,226,797	(3,701,933)
Adjustment for 2004/2003 Taxes	<u>(4,922,024)</u>	<u>(353,843)</u>
Total	<u>\$ 6,901,256</u>	<u>\$ 8,380,323</u>

The Main components of the 2005 deferred tax amounts are as follows:

DTAs	Statutory	Tax	Difference	Tax Effect
Amount Receivable to Uninsured Plans	\$18,247,447	\$18,247,447	\$0	\$0
Health Care Receivables	10,584,230	10,714,830	130,599	45,710
Other Receivables	10,665,299	10,665,299	0	0
Prepaid Expenses	0	1,015,467	1,015,467	355,413
Property, Plant and Equipment	19,027,634	28,681,039	9,653,405	3,378,692
Allowance for Doubtful Accounts	(243,992)	0	243,992	85,397
Discount of Reserves	(175,590,794)	(171,817,875)	3,772,919	1,320,522
Post Retire. & Post Employ Benefits	(24,822,297)	0	24,822,297	8,687,804
Pension	(3,610,383)	0	3,610,383	1,263,634
Maternity Benefits	(981,000)	0	981,000	343,350
Audit Findings	(13,439,838)	0	13,439,838	4,703,943
Contingent Reserve	(7,900,000)	0	7,900,000	2,765,000
Additional Minimum Pension Liability	(17,304,696)	0	17,304,696	6,056,644
AMT Credits	(47,809,880)	0	<u>47,809,880</u>	<u>47,809,880</u>
0299. Total DTAs			\$130,684,476	\$76,815,989
0399. Total DTAs nonadmitted			\$101,171,564	\$70,557,881

DTLs

Bonds	491,704,263	489,334,096	<u>2,370,167</u>	<u>829,558</u>
0499. Total DTLs			\$2,370,167	\$829,558

The changes in main components of DTAs and DTLs are as follows:

DTAs resulting from book/tax differences in	Dec. 31, 2005	Jan. 1, 2005	Change
Amount Receivable to Uninsured Plans	\$0	\$36,322	(\$36,322)
Allowance for Doubtful Accounts	85,397	135,435	(50,038)
Health Care Receivable	45,710	40,166	5,544
Advances	0	35,948	(35,948)
Risk Partners	0	14,848	(14,848)
Property, Plant and Equipment	3,378,692	3,664,813	(286,121)
Prepaid Expenses	355,413	0	355,413

NOTES TO FINANCIAL STATEMENTS

Discount of Reserves	1,320,522	1,258,588	61,934
Post Retirement & Post Employment Benefits	8,687,804	8,167,922	519,882
Pension	1,263,634	1,221,282	42,352
Maternity Benefits	343,350	261,100	82,250
Tax Contingent	4,703,943	0	4,703,943
Contingent Reserve	2,765,000	9,593,500	(6,828,500)
Additional Minimum Pension Liability	6,056,644	8,433,564	(2,376,920)
AMT Credit	<u>47,809,880</u>	<u>35,499,230</u>	<u>12,310,650</u>
Total Deferred Tax Asset	\$76,815,989	\$68,362,718	\$ 8,453,271
Nonadmitted Deferred Tax Asset	<u>70,557,881</u>	<u>61,633,035</u>	<u>8,924,846</u>
Admitted Deferred Tax Asset	<u>\$ 6,258,108</u>	<u>\$ 6,729,683</u>	<u>\$ (471,575)</u>
DTAs resulting from book/tax differences in			
Prepaid Expenses	0	100,887	(100,887)
Bonds	<u>829,558</u>	<u>588,121</u>	<u>241,437</u>
Total Deferred Tax Liabilities	<u>\$ 829,558</u>	<u>\$ 689,008</u>	<u>\$ 140,550</u>
Net Admitted Deferred Tax Asset	<u>\$ 5,428,549</u>	<u>\$ 6,040,675</u>	<u>\$ (612,126)</u>

The change in net deferred income taxes is as follows:		Dec. 31, 2005	Jan. 1, 2005	Change
Total Deferred Tax Assets	\$76,815,989	\$68,362,719	\$8,453,270	
Total Deferred Tax Liabilities	<u>829,558</u>	<u>689,008</u>	<u>140,550</u>	
Net Deferred Tax Asset	<u>\$75,986,430</u>	<u>\$67,673,711</u>	\$8,312,719	
Tax Effect of Unrealized Gains			0	
Change in Net Deferred Income Tax			<u>\$8,312,719</u>	

Deferred tax assets have not been established to reflect the deferred income tax benefit on the deductibility of abandoned intangible assets. The tax effect is approximately \$11,499,039 and \$11,630,344 for 2005 and 2004, respectively. This amount will be recognized as a permanent difference only when the asset is abandoned due to the uncertainty of future deductibility as a case of another Plan with similar circumstances has been challenged by the IRS and is now in court.

D. Nature of significant reconciling items for income taxes incurred and change in DTAs and DTLs

	Dec. 31, 2005	Effective Tax Rate
Net Gain/(Loss) Before Taxes	\$13,865,973	35%
<u>Tax Adjustments:</u>		
Employee Benefits (Pension, Postretirement, Postemployment, Workers Compensation, etc.)	(1,847,636)	-4.66%
Abandonment of Intangible Assets	(131,305)	-0.33%
Health Care Receivables	(6,595)	-0.02%
Allowance for Doubtful Accounts	(24,111)	-0.06%
Nondeductible Expenses (Travel, Dues, Contributions, etc.)	551,610	1.39%
Other Receivables	36,322	0.09%
Lobbying	43,143	0.11%
Chip's State Income Tax Adjustment	30,751	0.08%
Nonadmitted Risk Share Partners	14,848	0.04%
Fixed Assets (Depreciation, Sales)	1,255,721	3.17%
Investments (Amortization, Sales)	446,354	1.13%
Interest	135,770	0.34%
Other Assets	35,948	0.09%
Prepaid Expenses	(455,249)	-1.15%
Dividends	12,778	0.03%
Additional Minimum Pension Liability	2,376,920	6.00%

NOTES TO FINANCIAL STATEMENTS

Special 3 Month Reserve Deduction	(16,152,853)	-40.77%
Dividends Received Deduction	(61,517)	-0.16%
AMT Tax	9,226,797	23.29%
Tax Contingent	(2,093,558)	-5.28%
AMT Credit	(12,310,650)	-31.07%
Adjustment for 2004 Taxes	<u>3,639,078</u>	<u>9.19%</u>
Total	<u>\$ (1,411,461)</u>	<u>-3.56%</u>
Federal Income Taxes Incurred	\$ 6,901,258	17.42%
Change in net deferred income taxes	<u>\$ 8,312,720</u>	<u>-20.98%</u>
Total statutory income taxes	<u>\$ (1,411,461)</u>	<u>-3.56%</u>

*Statutory Surplus Adjustments

- E. (1) At December 31, 2005, the Plan had no operating loss carryfowards. The Plan has available approximately \$47,809,880 of alternative minimum tax credit carryfowards that do not expire.
- (2) The following are income taxes incurred in the current and prior years that will be available for recoupment in the event of future net losses:

(a) 2005	\$9,226,797
(b) 2004	\$3,812,142
(c) 2003	\$15,353,949

10. Information Concerning Parent, Subsidiaries and Affiliates

Effective January 1, 2005, the Plan liquidated it's wholly owned subsidiary, Coordinated Health Partners, Inc. (CHiP).

Investment in Subsidiary

CHiP experienced positive results from operations in 2004 and did not require a capital contribution from the Plan. CHiP was a for-profit federally qualified individual practice association ("IPA") model health maintenance organization. Included in the Plan's changes in reserves for 2004 were CHiP profits of approximately \$11,401,000.

CHiP provided comprehensive managed care medical plans to groups in Rhode Island and adjacent cities and towns in Massachusetts for a fixed prepaid fee. CHiP offers an underwritten managed care product to active federal employees, eligible federal retirees and their dependents administered through the U.S. Office of Personnel Management-Federal Employee Health Benefits Program. CHiP offers an underwritten Medicare full replacement managed care product to individual and group Medicare-eligible beneficiaries under a contract with the Health Care Financing Administration. CHiP also participates in the State of Rhode Island RItCare Program; a Medicaid managed care program targeted at a subset of the overall Medicaid-eligible population (pregnant women and mothers with dependent children).

Receivable from / Payable to Subsidiary

The Plan provided office space to CHiP and allocated the rental cost to CHiP based upon square footage. Income received from this arrangement was \$1,978,400 in 2004.

The Plan provided administrative services to CHiP in accordance with the terms of a purchased-services agreement. The services primarily consisted of marketing, advertising, underwriting, financial, general and administrative, actuarial and statistical services, as well as administration of CHiP's retirement programs. The services provided were charged to CHiP on a full cost basis in 2004. The allocation methodology depends on the type of services provided. Administrative expenses charged to CHiP by the Plan in 2004 were approximately \$49,168,200. The amount owed to the Plan at December 31, 2004 was

NOTES TO FINANCIAL STATEMENTS

approximately \$5,959,500.

In addition, beginning in 1998, CHiP provided administrative services to the Plan. These services consisted primarily of professional relations, provider credentialing and contracting, medical management and quality improvement. Administrative expenses charged to the Plan by CHiP during 2004 was approximately \$28,009,200, of which \$2,670,300 was owed to CHiP at December 31, 2004.

The Plan purchased health insurance coverage from CHiP for its employees who selected such coverage. During 2004, the plan paid CHiP premiums of approximately \$19,700. At December 31, 2004, there were no outstanding premiums payable to CHiP.

CHiP also purchased health insurance coverage from the Plan for its employees who selected such coverage. During 2004, CHiP paid the Plan premiums of approximately \$5,173,500. At December 31, 2004, there were no outstanding premiums receivable from CHiP.

At December 31, 2004, CHiP owed the Plan approximately \$421,000 relating to CHiP's allocable share of the pension asset.

Other payables to CHiP, at December 31, 2004, included \$12,302,600 relating to the receipt of funds for regional host business.

The Plan and CHiP filed a consolidated Federal Income Tax return. At December 31, 2004, CHiP owed the Plan approximately \$1,017,200 resulting from CHiP's share of federal income tax expense.

Note Receivable from Subsidiary

The Plan had a subordinated surplus note receivable from CHiP for \$2,711,121 at December 31, 2004, which is included in Investments in the Subsidiary on the Statutory Statements of Admitted Assets, Liabilities and Reserves. The surplus note is non-interest bearing and is subordinate to all other debts of CHiP. The note may be paid at any time subject to CHiP having a sufficient surplus and receiving approval from the Director of the State of Rhode Island, Department of Business Regulation. The investment in CHiP, including the surplus note receivable was \$103,817,121 at December 31, 2004. This amount represented the net worth of CHiP measured using statutory accounting principles.

11. Debt

- A) The Plan does not have any capital notes.
- B) The Plan does not have any other debt.

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

Defined Benefit Plan

The Plan has a tax qualified, defined benefit pension plan, covering substantially all employees. Pension plan benefits are based on years of service and the employee's compensation during the highest three consecutive years of service.

The Plan's funding policy is to contribute amounts at least necessary to satisfy the requirements of the Employee Retirement Income Security Act of 1974 (ERISA). Contributions are intended to provide not only for benefits attributed to service to date but also for those expected to be earned in the future. Assets of the pension plan consist of insurance company group annuity contracts, which invest in a diversified portfolio of fixed income and equity securities.

Supplemental Executive Retirement Plans (SERP)

NOTES TO FINANCIAL STATEMENTS

The Supplemental Executive Retirement Plans (SERP) are non-qualified defined benefit pension plans for certain executives as designated by the Board of Directors. Certain beneficiaries received distributions from SERP of \$1,222,000 and \$2,106,000 for the calendar years ending December 31, 2005 and 2004, respectively.

The Plan uses a September 30 measurement date.

The following tables set forth the funding status and amounts recognized in the Plan's Statutory Statements of Admitted Assets, Liabilities and Reserves at December 31, 2005 and 2004 for the Defined Benefit Plan and for the SERP:

	(In Thousands)			
	Defined Benefit			
	Plan		SERP	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Change in Projected Benefit Obligation:				
Projected benefit obligation				
at beginning of year	\$ 163,334	\$ 149,680	\$5,672	\$4,514
Service cost	6,062	5,283	701	3,636
Interest cost	9,231	8,864	278	271
Amendments	--	--	(488)	308
Actuarial loss/(gain) due to assumptions	6,907	8,056	--	(951)
Curtailment and special termination benefits	--	(2,498)	--	--
Benefit and administrative expenses paid	<u>(6,547)</u>	<u>(6,051)</u>	<u>(1,222)</u>	<u>(2,106)</u>
Projected benefit obligation at end of year	<u>\$178,987</u>	<u>\$163,334</u>	<u>\$4,941</u>	<u>\$5,672</u>

	(In Thousands)			
	Defined Benefit			
	Plan		SERP	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Funded Status:				
Projected benefit obligation	\$(178,987)	\$(163,334)	\$(4,941)	\$(5,672)
Plan assets at fair value	<u>140,268</u>	<u>118,759</u>	<u>- -</u>	<u>- -</u>
Plan assets in excess (shortfall)				
of projected benefit obligation	(38,719)	(44,575)	(4,941)	(5,672)
Unrecognized net actuarial loss/(gain)	41,066	42,938	(374)	222
Unrecognized prior service cost	- -	- -	273	308
Contributions after measurement date	5,000	4,700	5	5
Unrecognized net obligation at January 1,				
2005 and 2004 being recognized over				
approximately 9 years	<u>574</u>	<u>613</u>	<u>2,815</u>	<u>2,968</u>
Prepaid (accrued) benefit cost	<u>\$ 7,921</u>	<u>\$ 3,676</u>	<u>\$(2,222)</u>	<u>\$(2,169)</u>

Change in Plan Assets:

Fair value of assets at beginning of year	\$118,759	\$111,819	\$ - -	\$ - -
Actual return on plan assets	16,355	12,991	- -	- -
Employer contributions	11,700	- -	1,222	2,106
Benefit and administrative expenses paid	(6,546)	(6,051)	(1,222)	(2,106)
Fair value of assets at end of year	<u>\$140,268</u>	<u>\$118,759</u>	<u>\$ - -</u>	<u>\$ - -</u>

Net periodic pension cost for 2005 and 2004 included the following components:

	(In Thousands)			
	Defined Benefit		Plan	
<u>SERP</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Service cost	\$ 6,062	\$ 5,283	\$ 701	\$ 3,636

NOTES TO FINANCIAL STATEMENTS

Interest cost	9,231	8,864	278	271
Expected return on plan assets	(9,915)	(9,691)	- -	- -
Net amortization and deferral	2,378	904	190	284
Curtailment and special termination benefits	- -	236	108	(40)
Net periodic pension cost	<u>\$ 7,756</u>	<u>\$ 5,596</u>	<u>\$ 1,277</u>	<u>\$ 4,151</u>

Actuarial assumptions used in the accounting at the measurement date were:

Weighted-average assumptions	Defined Benefit		SERP	
	Plan			
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Discount Rate	5.50%	5.75%	5.50%	5.75%
Rate of compensation increase	4.20%	4.20%	4.20%	4.20%
Expected return on plan assets	8.20%	8.20%	-	-

<u>Asset Category</u>	<u>Plan Assets</u>	
	<u>2005</u>	<u>2004</u>
Equity Securities	61.66%	66.19%
Debt Securities	14.04%	4.04%
Other	<u>24.30%</u>	<u>29.77%</u>
Total	100.00%	100.00%

The investment policy includes a periodic review of the pension plan’s investment in the various asset classes. The current asset allocation target is 60% equities and 40% fixed income.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

<u>Year</u>	<u>Pension Benefits</u>	<u>Postretirement Benefits</u>
2006	\$8,533,000	\$2,390,000
2007	6,718,000	2,499,000
2008	7,077,000	2,564,000
2009	6,762,000	2,628,000
2010	7,055,000	2,701,000
2011 - 2015	43,146,000	13,330,000

The Plan expects to contribute an amount, undetermined at this time that will meet or exceed the prescribed minimum contribution levels to its regular pension plan, \$2,409,000 to its SERP and \$2,390,000 to its postretirement benefits in 2006.

Savings Plan

The Plan has a 401(k) defined contribution savings plan, which allows pre-tax contributions of up to 6% of gross annual wages to be matched by the Plan at 50 cents for every dollar contributed. Plan employees may also make a supplemental contribution, which when combined with the employee's basic contribution shall not exceed 15% of gross annual wages; however, these contributions are not matched by the Plan. Total employer contributions to the 401(k) savings plan in 2005 and 2004 were approximately \$1,334,000 and \$763,000, respectively.

Comprehensive Pension Loss

The Plan recorded a comprehensive pension gain in 2005 of \$4,679,136 and a loss in 2004 of \$2,836,020, which represents the excess of the minimum accumulated net benefit obligation over previously recorded pension liabilities for its defined benefit plan and supplemental executive retirement plans. The net comprehensive pension loss is included as a separate component of change in statutory reserves for the years ended December 31, 2005

NOTES TO FINANCIAL STATEMENTS

and 2004, respectively.

Postretirement Benefit Plans

Eligible employees hired prior to January 1, 1992, who retire on or after attaining normal retirement age and who have rendered specific years of service under the provisions of the Blue Cross & Blue Shield of Rhode Island Retirement Plan are entitled to certain postretirement health care medical coverage, and life insurance benefits. The Plan may amend or change the postretirement benefits periodically. Effective January 1, 1993, except for those employees who have an exemption based on circumstances previously existing, these benefits are now subject to copayment provisions and other limitations. The Plan's postretirement benefits other than pensions are not funded. Approximately \$1,939,000 and \$1,702,000 of postretirement benefits were paid in 2005 and 2004, respectively.

Summary information on the postretirement benefit plan is as follows:

	(In Thousands)	
	2005	2004
Change in Accumulated Postretirement Benefit Obligation:		
Benefit obligation at beginning of year	\$35,623	\$29,117
Service cost	767	1,313
Interest cost	1,887	1,682
Amendments	--	(1,814)
Actuarial loss/(gain) due to assumption and other	260	6,947
Curtailment and special termination benefits	--	80
Benefits paid	(1,939)	(1,702)
Benefit obligation at end of year	<u>\$36,598</u>	<u>\$35,623</u>
Change in Plan Assets:		
Fair value of assets at beginning of year	\$ --	\$ --
Actual return on plan assets	--	--
Employer contributions	1,939	1,702
Benefits paid	(1,939)	(1,702)
Fair value of assets at end of year	<u>\$ --</u>	<u>\$ --</u>
Accumulated postretirement benefit obligation:		
Retirees and dependents	\$(33,568)	\$(22,182)
Fully eligible active participants	(3,030)	(13,441)
Total	<u>\$(36,598)</u>	<u>\$(35,623)</u>
Plan assets at fair value:	<u>--</u>	<u>--</u>
Accumulated postretirement benefit obligation in excess of plan assets	(36,598)	(35,623)
Unrecognized net gain from past experience different from that assumed and from changes in assumptions	10,190	10,414
Unrecognized transition obligation	2,209	2,524
Contributions after measurement date	<u>509</u>	<u>462</u>
Accrued postretirement benefit cost	<u>\$(23,690)</u>	<u>\$(22,223)</u>
Net periodic postretirement benefit cost for 2005 and 2004 included the following components:		
	(In Thousands)	
	2005	2004
Service cost	\$ 767	\$ 1,313
Interest cost	1,887	1,682
Amortization of net (gain)/loss	799	727
Curtailment and special termination benefits	<u>--</u>	<u>80</u>
Net periodic postretirement benefit cost	<u>\$ 3,453</u>	<u>\$ 3,802</u>

NOTES TO FINANCIAL STATEMENTS

The weighted average assumptions include a discount rate of 5.50% and 5.75%, respectively for the years ended December 31, 2005 and 2004.

The assumed annual rate of increase in the per capita cost of medical benefits is 13% in 2005 and 11% in 2006, and is assumed to decrease through years 2012 and remain level at 5% thereafter.

A one percentage point increase in the healthcare cost trend rate, holding all other assumptions constant, would result in an increase of \$2,985,300 at December 31, 2005 in the postretirement benefit obligation and an increase of \$298,400 for the year ended December 31, 2005 in the aggregate of the service and interest cost components of the net periodic postretirement benefit cost.

Postemployment Benefits

The Plan provides for certain postemployment benefits including disability benefits for eligible employees. The Plan has recorded a liability for these benefits of approximately \$1,132,000 and \$1,114,000 at December 31, 2005 and 2004, respectively.

13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations

- 1) The Plan does not have any capital stock.
- 2) The Plan does not have any preferred stock.
- 3) The Plan does not have any dividend restrictions.
- 4) The Plan does not have any ordinary dividends.
- 5) The Plan does not have any restrictions on unassigned funds.
- 6) The Plan does not have any advances to surplus.
- 7) The Plan does not have any conversion of preferred stock, employee stock options and stock purchase warrants.
- 8) The Plan did not have any changes to the balances of any special surplus funds from the prior period.
- 9) The portion of unassigned funds (surplus) represented was reduced by each of the following items:
 - a) Unrealized gains and losses
 - b) Nonadmitted assets
- 10) The Plan does not have any surplus notes.
- 11) The Plan did not have any quasi-reorganization in 2005.
- 12) The Plan did not have any quasi-reorganization in 2005.

14. Contingencies

A) Contingent Commitments

The Plan is a co-defendant in two class action lawsuits in federal court relating to allegations that the Plan has acted in conspiracy with other Blue Cross & Blue Shield plans to delay and reduce payments to physicians and other ancillary providers.

Management has recorded accruals related to these exposures, which they believe are reasonable and appropriate based on available information. Such accruals are reflected in claims incurred but unpaid on the accompanying consolidated balance sheets. It is possible that a court decision or settlement in favor of the plaintiffs in the above suits could have an unanticipated material adverse effect on the Plan's financial position, results of operations, statutory reserves and risk based capital.

The Plan is a defendant in a number of other legal proceedings arising in the normal course of business. While the Plan's ultimate liability in the disposition of these matters is presently difficult to estimate, it is management's belief that the outcome is not likely to have a material adverse effect on the Plan's financial position or results of operations, statutory reserves and risk based capital.

- B) The Plan does not have any assessments.
- C) The Plan does not have any gain contingencies.

NOTES TO FINANCIAL STATEMENTS

15. Leases

- A) 1) The Plan leases office space under operating leases. Rent expense for operating leases in 2005 and 2004 was approximately \$3,163,302 and \$3,055,840, respectively.
- 2) The Plan is committed, under long-term noncancelable leases and installment purchase agreements, to minimum payments as follows:

	<u>Operating</u>
2006	\$ 577,109
2007	378,507
2008	<u>86,321</u>
Total minimum future payments	<u>\$ 1,041,937</u>

Certain rental commitments have renewal options extending through the year 2010. Some of these renewals are subject to adjustments in future periods.

In June of 2003, the Plan entered into a long-term agreement with Perot Systems Healthcare Services Corporation (PSHS) whereby, PSHS agreed to provide claims processing, information technology, membership administrative and cash disbursement services, under the direction of PSHS staff. Services include operational services for technology and claims operations and business project services.

The agreement which runs through 2013, calls for increasing annual minimum commitments of \$56.1 million for calendar year 2006, and is subject to adjustments for changes in service levels, cost management by the Plan and performance incentives for PSHS. The aggregate value of the contract is approximately \$562.8 million.

The contract provides for termination of the agreement between the parties based on events that may occur during the course of the contract. There are critical service levels that PSHS must meet on an ongoing basis. The Plan is obligated to reimburse PSHS for services performed in accordance with the contract. The financial penalties are based on a sliding scale relating to the applicable month in which such termination was effective.

- 3) The Plan is not involved in material sales – leaseback transactions.

- B) The Plan does not have any lessor leases.

16. Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk

Ten U.S. Treasury Notes with a combined par value of \$30,150,000 are pledged to satisfy Blue Cross and Blue Shield Association membership standards for Out-of-Area provider claim settlements.

The Plan also has a \$500,000 par value U.S. Treasury Note that is on deposit with the Department of Labor as collateral for the Plan’s run-out of the self-insured worker’s compensation fund.

The Plan also has a \$599,000 par value U.S. Treasury Note that is on deposit with the Department of Human Services Office of Managed Care relating to the Plan’s administration of the State of Rhode Island managed Medicaid program, RItE Care.

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

The Plan did not have a sale, transfer and servicing of financial assets and extinguishments of liabilities.

NOTES TO FINANCIAL STATEMENTS

18. Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans

- A) The Plan is not an ASO Administrator for uninsured A&H Plans and the uninsured portion of partially insured plans.
- B) The Plan is an ASC Administrator for uninsured A&H Plans and the uninsured portion of partially insured plans.
- The gain from operations from Administrative Services Contract (ASC) uninsured plans and the uninsured portion of partially insured plans was as follows during 2005:

	<u>ASC</u> <u>Uninsured</u> <u>Plans</u>	<u>Uninsured</u> <u>Portion of</u> <u>Partially</u> <u>Insured Plans</u>	<u>Total</u> <u>ASC</u>
a. Gross reimbursement for medical cost incurred	\$577,484,827	- -	\$577,484,827
b. Gross administrative fees accrued	61,367,016	- -	61,367,016
c. Other income or expenses (including interest paid to or received from plans)	- -	- -	- -
d. Gross expenses incurred (claims and administrative)	632,451,898	- -	632,451,898
e. Total net gain or (loss) from operations	6,399,945	- -	6,399,945

- C) Revenue from the Plan’s Medicare contract consisted of \$300,800 of administration fees.

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

The Plan does not have direct premium written/produced by managing general agents/third party administrators.

20. September 11 Events

The Plan did not suffer any significant losses due to the September 11 Events.

21. Other Items

- A) The Plan does not have any extraordinary items.
- B) The Plan does not have any troubled debt restructuring.
- C) The Plan has elected to use rounding to the nearest dollar for reporting amounts in this statement.
- D) The Plan has estimated uncollectible amounts for premium and retro contract balances of \$433,529 and \$471,563 at December 31, 2005 and 2004, respectively. The Plan does not have any uncollectible amounts for uninsured plans.
- E) The Plan did not have any business interruption insurance recoveries in 2005.
- F) Please see Note #12 for Retirement Plan disclosures.

22. Events Subsequent

The Plan does not have any subsequent events in 2005.

23. Reinsurance

NOTES TO FINANCIAL STATEMENTS

A. Ceded Insurance Report

Section 1 – General Interrogatories

- (1) The Plan does not own or control any of the reinsurers listed on Schedule S.
- (2) There are no policies issued by the Plan that are reinsured with a company chartered in a country other than the United States that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or an insured or any other person not primarily engaged in the insurance business.

Section 2 – Ceded Reinsurance Report – Part A

- (1) The Plan does not have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credit.
- (2) The Plan does not have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies.

Section 3 – Ceded Reinsurance Report – Part B

- (1) The estimated amount of the aggregate reduction in surplus, (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment or other similar credits that are reflected in Section 2 above) of termination of all reinsurance agreements, by either party, is not applicable to the Plan since it does not cede its reinsurance.
- (2) The Plan has not executed or amended any existing agreements, since January 1 of the year of this statement, to include policies or contracts that were in force or which had existing reserves established by the company as of the effective date of the agreement.

B) The Plan did not experience a write-off for uncollectible reinsurance.

C) The Plan did not experience a commutation of ceded reinsurance.

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

- A) The Plan estimates accrued retrospective premium adjustments for its group health insurance business based on the Plan's underwriting policies, experience rating practices and claims reserve calculation.
- B) The amount of net premiums written by the Company at December 31, 2005 that are subject to retrospective rating features was \$12,678,700, that represented 0.80% of the total net premiums written. No other net premiums written by the Company are subject to retrospective rating features.

25. Change in Incurred Claims and Claim Adjustment Expenses

Reserves for incurred claims decreased by \$10,830,000 and claim adjustment expenses decreased by \$450,000 in 2005 which is attributable to insured events of prior years as a result of reestimation of unpaid claims and claim adjustment expenses principally on comprehensive lines of insurance. This decrease is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased as additional information becomes known regarding individual claims.

26. Intercompany Pooling Arrangements

The Plan is not part of any intercompany pooling arrangement.

27. Structured Settlements

Not Applicable for Health Insurance entities.

NOTES TO FINANCIAL STATEMENTS

28. Health Care Receivables

A) Pharmaceutical Rebate Receivables

Quarter	<u>Estimated Pharmacy Rebates as Reported on Financial Statements</u>	<u>Pharmacy Rebates as Invoiced/ Confirmed</u>	<u>Actual Rebates Collected Within 90 Days of Invoicing/ Confirmation</u>	<u>Actual Rebates Collected Within 91 to 180 Days of Invoicing/ Confirmation</u>	<u>Actual Rebates Collected More Than 180 Days After Invoicing/ Confirmation</u>
12/31/05	\$2,929,000	\$ - -	\$ - -	\$ - -	\$ - -
9/30/05	3,372,000	2,929,000	- -	412,000	- -
6/30/05	3,683,000	3,128,000	1,688,000	1,440,000	- -
3/31/05	3,614,000	3,516,000	1,841,000	1,675,000	- -
12/31/04	\$2,746,000	\$3,112,000	\$1,471,000	\$1,641,000	\$ - -
9/30/04	2,977,000	2,746,000	1,373,000	1,373,000	- -
6/30/04	3,711,000	2,977,000	1,488,000	1,489,000	- -
3/31/04	3,340,000	3,711,000	1,856,000	1,855,000	- -
12/31/03	\$3,053,000	\$3,340,000	\$1,670,000	\$1,670,000	\$ - -
9/30/03	3,025,000	3,053,000	1,526,000	1,527,000	- -
6/30/03	2,834,000	3,025,000	1,513,000	1,512,000	- -
3/31/03	2,837,000	2,834,000	1,417,000	1,417,000	- -

B) Risk Share Receivables

Actual Sharing Amounts Calendar Received Year Others	Risk Sharing		Risk Sharing		Actual		Actual	Actual	Risk
	Evaluation	Receivable	Receivable	Risk Sharing Receivable	Risk Sharing	Risk Sharing	Risk Sharing	Risk Sharing	
	Per	as Estimated	as Estimated		Receivable	Amounts	Amounts	Amounts	
	Year-	in the	in the		Not Yet	Received in	Received	Received	
	End	Prior Year	Current Year	Billed	Billed	Year Billed	First Year	Second Year	All
2005	2005	N/A	\$ 327,705	\$ 91,484	\$ 236,221	\$ 42,423	\$ 285,282		
	2006	N/A	\$ -	N/A	N/A	N/A	N/A	N/A	N/A
2004	2004	N/A	\$ 503,317	\$ 42,423	\$ 460,894	\$ 109,469	\$ 393,848		
	2005	N/A	\$ -	N/A	N/A	N/A	N/A	N/A	N/A
2003	2003	N/A	\$ 812,366	\$ 352,552	\$ 459,814	\$ 381,164	\$ 431,202		
	2004	N/A	\$ -	N/A	N/A	N/A	N/A	N/A	N/A

29. Participating Policies

Participating policies do not apply to the Plan.

30. Premium Deficiency Reserves

As of December 31, 2005, the Plan had liabilities of \$0 related to premium deficiency reserves.

31. Anticipated Salvage and Subrogation

The amount of undiscounted estimated salvage and subrogation recoverable, taken into account in determining the undiscounted unpaid losses as reported in the Underwriting and Investment Exhibit and Page 3 – Liabilities, Reserves and Special Funds, Line I for December 31, 2005 and 2004, was \$8,760,000 and \$7,882,000, respectively.

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. treasury securities	111,569,420	21.796	111,569,420	21.796
1.2 U.S. government agency obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies	107,916,413	21.082	107,916,413	21.082
1.22 Issued by U.S. government sponsored agencies	2,531,661	0.495	2,531,661	0.495
1.3 Foreign government (including Canada, excluding mortgage-backed securities)				
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations	1,000,609	0.195	1,000,609	0.195
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations				
1.43 Revenue and assessment obligations				
1.44 Industrial development and similar obligations				
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Issued or guaranteed by GNMA	4,761,559	0.930	4,761,559	0.930
1.512 Issued or guaranteed by FNMA and FHLMC	9,658,803	1.887	9,658,803	1.887
1.513 All other				
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA				
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage- backed securities issued or guaranteed by agencies shown in Line 1.521	95,126,568	18.584	95,126,568	18.584
1.523 All other				
2. Other debt and other fixed income securities (excluding short term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)	130,906,670	25.574	130,906,670	25.574
2.2 Unaffiliated foreign securities	5,123,156	1.001	5,123,156	1.001
2.3 Affiliated securities				
3. Equity interests:				
3.1 Investments in mutual funds	10,126,403	1.978	10,126,403	1.978
3.2 Preferred stocks:				
3.21 Affiliated				
3.22 Unaffiliated	241,000	0.047	241,000	0.047
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated				
3.32 Unaffiliated	20,921,113	4.087	20,921,113	4.087
3.4 Other equity securities:				
3.41 Affiliated				
3.42 Unaffiliated	1,947,291	0.380	1,947,291	0.380
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated				
3.52 Unaffiliated				
4. Mortgage loans:				
4.1 Construction and land development				
4.2 Agricultural				
4.3 Single family residential properties				
4.4 Multifamily residential properties				
4.5 Commercial loans				
4.6 Mezzanine real estate loans				
5. Real estate investments:				
5.1 Property occupied by company	19,005,640	3.713	19,005,640	3.713
5.2 Property held for production of income (including \$ 0 of property acquired in satisfaction of debt)				
5.3 Property held for sale (including \$ 0 property acquired in satisfaction of debt)				
6. Contract loans				
7. Receivables for securities				
8. Cash, cash equivalents and short-term investments	(8,956,035)	(1.750)	(8,956,035)	(1.750)
9. Other invested assets				
10. Total invested assets	511,880,271	100.000	511,880,271	100.000

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

1.1

Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes ☐ No ☒

1.2

If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes ☐ No ☒ N/A ☐

1.3

State Regulating?

2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes ☒ No ☐

2.2

If yes, date of change:
If not previously filed, furnish herewith a certified copy of the instrument as amended.

12/08/2005

3.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2001

3.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2001

3.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

02/12/2004

3.4

By what department or departments? RHODE ISLAND DEPARTMENT OF BUSINESS REGULATION-INSURANCE DIVISION

4.1

During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.11

sales of new business?

Yes ☐ No ☒

4.12

renewals?

Yes ☐ No ☒

4.2

During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.21

sales of new business?

Yes ☐ No ☒

4.22

renewals?

Yes ☐ No ☒

5.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes ☒ No ☐

5.2

If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1	2	3
Name of Entity	NAIC Company Code	State of Domicile
COORDINATED HEALTH PARTNERS INC	95057	RI

6.1

Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action either formal or informal, if a confidentiality clause is part of the agreement.)

Yes ☐ No ☒

6.2

If yes, give full information

7.1

Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes ☐ No ☒

7.2

If yes,

7.21

State the percentage of foreign control

0 %

7.22

State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact).

1	2
Nationality	Type of Entity

8.1

Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes ☐ No ☒

8.2

If response to 8.1 is yes, please identify the name of the bank holding company.

8.3

Is the company affiliated with one or more banks, thrifts or securities firms?

Yes ☐ No ☒

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

8.4 If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1	2	3	4	5	6	7
Affiliate Name	Location (City, State)	FRB	OCC	OTS	FDIC	SEC

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
PRICEWATERHOUSECOOPERS, LLP
125 HIGH STREET, 12TH FLOOR, BOSTON, MA 02110

10. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification? JOHN LYNCH
444 WESTMINSTER STREET, PROVIDENCE, RI, 02903
ACTUARY EMPLOYED BY BLUE CROSS & BLUE SHIELD OF RHODE ISLAND

11.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?

11.11 Name of real estate holding company

11.12 Number of parcels involved

11.13 Total book/adjusted carrying value

Yes [] No [X]

\$

11.2 If yes, provide explanation.

12. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:

12.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?

12.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?

12.3 Have there been any changes made to any of the trust indentures during the year?

12.4 If answer to (12.3) is yes, has the domiciliary or entry state approved the changes?

Yes [X] No []

Yes [] No [X]

Yes [] No [X] N/A []

BOARD OF DIRECTORS

13. Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof?

14. Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof?

15. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person?

Yes [X] No []

Yes [X] No []

Yes [X] No []

FINANCIAL

16.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

16.11 To directors or other officers

16.12 To stockholders not officers

16.13 Trustees, supreme or grand (Fraternal only)

16.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):

16.21 To directors or other officers

16.22 To stockholders not officers

16.23 Trustees, supreme or grand (Fraternal only)

17.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?

17.2 If yes, state the amount thereof at December 31 of the current year:

17.21 Rented from others

17.22 Borrowed from others

17.23 Leased from others

17.24 Other

\$

\$

\$

\$

\$

\$

\$

\$

\$

\$

18.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments?

18.2 If answer is yes:

18.21 Amount paid as losses or risk adjustment

Yes [] No [X]

\$

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

18.22 Amount paid as expenses

18.23 Other amounts paid

\$

\$

19.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?

Yes [] No [X]

19.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount:

\$

INVESTMENT

20.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date, except as shown by Schedule E - Part 3 - Special Deposits?

Yes [] No [X]

20.2 If no, give full and complete information, relating thereto THE SECURITIES ARE HELD BY THE REPORTING ENTITY'S CUSTODIAN BANK, INVESTORS BANK & TRUST

21.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, except as shown on Schedule E - Part 3 - Special Deposits, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 17.1).

Yes [X] No []

21.2 If yes, state the amount thereof at December 31 of the current year:

21.21 Loaned to others

21.22 Subject to repurchase agreements

21.23 Subject to reverse repurchase agreements

21.24 Subject to dollar repurchase agreements

21.25 Subject to reverse dollar repurchase agreements

21.26 Pledged as collateral

21.27 Placed under option agreements

21.28 Letter stock or securities restricted as to sale

21.29 Other

\$

\$

\$

\$

\$

\$

\$

\$

21.3 For category (21.28) provide the following:

1	2	3
Nature of Restriction	Description	Amount

22.1 Does the reporting entity have any hedging transactions reported on Schedule DB?

Yes [] No [X]

22.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?

Yes [] No [X] N/A []

If no, attach a description with this statement.

23.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?

Yes [X] No []

23.2 If yes, state the amount thereof at December 31 of the current year.

\$241,000

24. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1-General, Section IV.H-Custodial or Safekeeping agreements of the NAIC Financial Condition Examiners Handbook?

Yes [X] No []

24.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1	2
Name of Custodian(s)	Custodian's Address
INVESTORS BANK & TRUST	200 CLARENDON STREET BOSTON MA 02111

24.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1	2	3
Name(s)	Location(s)	Complete Explanation(s)

24.03 Have there been any changes, including name changes, in the custodian(s) identified in 24.01 during the current year?

Yes [] No [X]

24.04 If yes, give full and complete information relating thereto:

1	2	3	4
Old Custodian	New Custodian	Date of Change	Reason

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

24.05 Identify all investment advisors, brokers/dealers or individuals acting on behalf of brokers/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	3 Address
107423	CONNING ASSET MANAGEMENT	ONE FINANCIAL PLAZA HARTFORD CT 06103
107957	ARMSTRONG SHAW ASSOCIATES	45 GROVE SRTEET NEW CANAAN CT 06840
110356	MADISON INVESTMENT ADVISORS	550 SCIENCE DRIVE MADISON WI 53711
121876	NORTHWEST QUADRANT	2049 CENTURY PARK EAST 16TH FLOOR LOS ANGELES CA 90067

25.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])?

Yes [] No [X]

25.2 If yes, complete the following schedule:

1 CUSIP#	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
25.2999	Total	

25.3 For each mutual fund listed in the table above, complete the following schedule:

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation

26. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
26.1 Bonds	479,912,571	474,124,264	(5,788,306)
26.2 Preferred stocks	241,000	241,000	
26.3 Totals	480,153,571	474,365,264	(5,788,306)

26.4 Describe the sources or methods utilized in determining the fair values: PROVIDED BY RATING SOURCES USED BY CUSTODIAN, INVESTOR'S BANK & TRUST
PRICING SOURCES INCLUDE IDC, FUNDWEB, MUNIPALS AND EXTEL

27.1 Have all the filing requirements of the Purposes and Procedures manual of the NAIC Securittes Valuation Office been followed?

Yes [X] No []

27.2 If no, list exceptions:

OTHER

28.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any?

\$ 2,596,938

28.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid
MILLIMAN USA	\$ 1,219,606
BLUE CROSS BLUE SHIELD ASSOCIATION	\$ 1,032,214
	\$

29.1 Amount of payments for legal expenses, if any?

\$ 3,819,941

29.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
ROPES & GRAY	\$ 1,252,047
	\$

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

1	2
Name	Amount Paid
	\$

- 30.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any?
- \$190,802
- 30.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1	2
Name	Amount Paid
PARTRIDGE SNOW & HAHN	\$144,293
DEWEESE CONSULTING, INC.	\$46,509
	\$
	\$

GENERAL INTERROGATORIES

PART 2 - HEALTH INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force?

1.2 If yes, indicate premium earned on U.S. business only.

1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

1.31 Reason for excluding

YES [X]

NO []

\$ 42,306,380

\$

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above

\$

1.5 Indicate total incurred claims on all Medicare Supplement insurance.

\$ 43,421,125

1.6 Individual policies:

Most current three years:

1.61 Total premium earned

1.62 Total incurred claims

1.63 Number of covered lives

All years prior to most current three years:

1.64 Total premium earned

1.65 Total incurred claims

1.66 Number of covered lives

\$ 7,126,583

\$ 7,407,062

\$ 3,611

\$ 27,501,783

\$ 28,584,161

\$ 13,935

1.7 Group policies:

Most current three years:

1.71 Total premium earned

1.72 Total incurred claims

1.73 Number of covered lives

All years prior to most current three years:

1.74 Total premium earned

1.75 Total incurred claims

1.76 Number of covered lives

\$ 1,712,185

\$ 1,656,857

\$ 2,011

\$ 5,968,829

\$ 5,773,045

\$ 7,007

2. Health Test:

1

2

Current Year

Prior Year

2.1 Premium Numerator

\$ 1,586,311,420

\$ 1,066,573,617

2.2 Premium Denominator

\$ 1,586,311,420

\$ 1,066,573,617

2.3 Premium Ratio (2.1/2.2)

1.00

1.00

2.4 Reserve Numerator

\$ 137,053,161

\$ 133,980,642

2.5 Reserve Denominator

\$ 137,053,161

\$ 133,980,642

2.6 Reserve Ratio (2.4/2.5)

1.00

1.00

3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?

3.2 If yes, give particulars:

YES []

NO [X]

4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency?

4.2 If not previously filed furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?

YES [X]

NO []

YES []

NO [X]

5.1 Does the reporting entity have stop-loss reinsurance?

5.2 If no, explain:

YES [X]

NO []

5.3 Maximum retained risk (see instructions)

5.31 Comprehensive Medical

5.32 Medical Only

5.33 Medicare Supplement

5.34 Dental

5.35 Other Limited Benefit Plan

5.36 Other

\$ 750,000

\$

\$ 750,000

\$ 2,000

\$

\$

6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements: STATE INSURANCE LAW MANDATES THAT THE PLAN HAVE TOTAL RESERVES SUFFICIENT TO PAY CLAIMS AND ADMINISTRATIVE EXPENSES FOR NOT LESS THAN ONE MONTH. ALSO, THE PLAN HAS HOLD HARMLESS PROVISIONS IN ITS CONTRACTS WITH PARTICIPATING HOSPITALS AND PROVIDERS.

7.1 Does the reporting entity set up its claim liability for provider services on a service date basis?

7.2 If no, give details

YES [X]

NO []

8. Provide the following information regarding participating providers:

8.1 Number of providers at start of reporting year

8.2 Number of providers at end of reporting year

3,468

3,517

9.1 Does the reporting entity have business subject to premium rate guarantees?

9.2 If yes, direct premium earned:

YES []

NO [X]

9.21 Business with rate guarantees between 15-36 months

9.22 Business with rate guarantees over 36 months

GENERAL INTERROGATORIES

10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts?

YES [] NO [X]

10.2 If yes:

10.21 Maximum amount payable bonuses

10.22 Amount actually paid for year bonuses

10.23 Maximum amount payable withholds

10.24 Amount actually paid for year withholds

\$

\$

\$

\$

11.1 Is the reporting entity organized as:

11.12 A Medical Group/Staff Model,

11.13 An Individual Practice Association (IPA), or,

11.14 A Mixed Model (combination of above)?

YES [] NO [X]

YES [] NO [X]

YES [] NO [X]

YES [X] NO []

11.2 Is the reporting entity subject to Minimum Net Worth Requirements?

YES [X] NO []

11.3 If yes, show the name of the state requiring such net worth.

RHODE ISLAND

11.4 If yes, show the amount required.

\$129,665,552

11.5 Is this amount included as part of contingency reserve in stockholder's equity?

YES [] NO [X]

11.6 If the amount is calculated, show the calculation

12. List service areas in which reporting entity is licensed to operate:

1		
Name of Service Area		
RHODE ISLAND		

FIVE-YEAR HISTORICAL DATA

	1	2	3	4	5
	2005	2004	2003	2002	2001
BALANCE SHEET (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 26)	594,436,785	577,748,453	508,234,162	433,397,669	393,829,863
2. Total liabilities (Page 3, Line 22)	278,534,488	291,218,296	246,751,782	226,713,896	196,560,392
3. Statutory surplus	129,665,552	87,505,933	77,821,229	72,750,717	72,703,152
4. Total capital and surplus (Page 3, Line 31)	315,902,297	286,530,157	261,482,379	206,683,773	197,269,471
INCOME STATEMENT (Page 4)					
5. Total revenues (Line 8)	1,586,311,420	1,066,573,617	971,002,966	892,602,870	900,159,038
6. Total medical and hospital expenses (Line 18)	1,388,829,608	921,199,106	830,979,208	775,748,475	773,130,157
7. Claims adjustment expenses (Line 20)	57,681,083	48,983,849	35,061,755	34,465,240	39,433,769
8. Total administrative expenses (Line 21)	109,475,928	79,888,241	67,813,784	62,794,888	59,873,892
9. Net underwriting gain (loss) (Line 24)	30,324,801	16,502,421	37,148,219	19,594,267	27,721,220
10. Net investment gain (loss) (Line 27)	18,727,589	12,639,628	12,354,127	14,325,824	14,242,503
11. Total other income (Lines 28 plus 29)	(11,096,601)	(9,688,229)	(1,959,746)	(18,495,160)	216,142
12. Net income or (loss) (Line 32)	31,054,531	14,234,662	37,401,979	7,682,414	31,935,889
RISK-BASED CAPITAL ANALYSIS					
13. Total adjusted capital	315,902,297	286,530,157	261,482,379	206,683,773	197,269,471
14. Authorized control level risk-based capital	51,455,218	53,211,629	47,680,135	44,926,035	43,617,686
ENROLLMENT (Exhibit 1)					
15. Total members at end of period (Column 5, Line 7)	443,447	367,888	361,374	364,553	433,910
16. Total members months (Column 6, Line 7)	5,305,000	4,313,831	4,378,896	4,424,700	4,876,575
OPERATING PERCENTAGE (Page 4) (Item divided by Page 4, sum of Lines 2, 3, and 5) x 100.0					
17. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
18. Total hospital and medical plus other non-health (Line 18 plus Line 19)	87.6	86.4	85.6	86.9	85.9
19. Cost containment expenses	1.2	1.5	X X X	X X X	X X X
20. Other claims adjustment expenses	2.4	3.1	3.3	3.2	3.7
21. Total underwriting deductions (Line 23)	98.1	98.5	96.2	97.8	96.9
22. Total underwriting gain (loss) (Line 24)	1.9	1.5	3.8	2.2	3.1
UNPAID CLAIMS ANALYSIS (U&I Exhibit, Part 2B)					
23. Total claims incurred for prior years (Line 13, Col. 5)	171,835,852	131,274,648	106,485,493	109,163,685	94,376,087
24. Estimated liability of unpaid claims - [prior year (Line 13, Col. 6)]	195,294,592	121,156,015	115,698,191	121,026,025	100,406,502
INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES					
25. Affiliated bonds (Sch. D Summary, Line 25, Col. 1)					
26. Affiliated preferred stocks (Sch. D Summary, Line 39, Col. 1)					
27. Affiliated common stocks (Sch. D Summary, Line 53, Col. 2)		105,719,258	95,060,725	69,795,350	56,791,532
28. Affiliated short-term investments (subtotal included in Sch. DA, Part 2, Col. 5, Line 11)					
29. Affiliated mortgage loans on real estate					
30. All other affiliated					
31. Total of above Lines 25 to 30		105,719,258	95,060,725	69,795,350	56,791,532

SCHEDULE D - SUMMARY BY COUNTRY
Long-Term Bonds and Stocks OWNED December 31 of Current Year

Description		1	2	3	4
		Book/Adjusted Carrying Value	Fair Value	Actual Cost	Par Value of Bonds
BONDS Governments (Including all obligations guaranteed by governments)	1. United States	226,779,053	223,956,338	228,377,621	225,812,238
	2. Canada				
	3. Other Countries				
	4. Totals	226,779,053	223,956,338	228,377,621	225,812,238
States, Territories and Possessions (Direct and guaranteed)	5. United States	1,000,609	973,140	1,001,300	1,000,000
	6. Canada				
	7. Other Countries				
	8. Totals	1,000,609	973,140	1,001,300	1,000,000
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States				
	10. Canada				
	11. Other Countries				
	12. Totals				
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13. United States	9,658,803	9,652,907	9,688,266	9,610,657
	14. Canada				
	15. Other Countries				
	16. Totals	9,658,803	9,652,907	9,688,266	9,610,657
Public Utilities (unaffiliated)	17. United States	14,908,033	14,785,744	14,963,573	14,780,000
	18. Canada				
	19. Other Countries				
	20. Totals	14,908,033	14,785,744	14,963,573	14,780,000
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States	211,125,205	208,358,385	212,587,624	209,146,380
	22. Canada	2,998,780	2,954,230	2,997,460	3,000,000
	23. Other Countries	2,124,377	2,101,498	2,123,683	2,125,000
	24. Totals	216,248,362	213,414,113	217,708,767	214,271,380
Parent, Subsidiaries and Affiliates	25. Totals				
	26. Total Bonds	468,594,860	462,782,242	471,739,527	465,474,275
PREFERRED STOCKS					
Public Utilities (unaffiliated)	27. United States				
	28. Canada				
	29. Other Countries				
	30. Totals				
Banks, Trust and Insurance Companies (unaffiliated)	31. United States	241,000	241,000	241,000	
	32. Canada				
	33. Other Countries				
	34. Totals	241,000	241,000	241,000	
Industrial and Miscellaneous (unaffiliated)	35. United States				
	36. Canada				
	37. Other Countries				
	38. Totals				
Parent, Subsidiaries and Affiliates	39. Totals				
	40. Total Preferred Stocks	241,000	241,000	241,000	
COMMON STOCKS					
Public Utilities (unaffiliated)	41. United States				
	42. Canada				
	43. Other Countries				
	44. Totals				
Banks, Trust and Insurance Companies (unaffiliated)	45. United States	6,408,042	6,408,042	4,494,806	
	46. Canada				
	47. Other Countries				
	48. Totals	6,408,042	6,408,042	4,494,806	
Industrial and Miscellaneous (unaffiliated)	49. United States	15,782,359	15,782,359	14,961,797	
	50. Canada				
	51. Other Countries	678,004	678,004	652,623	
	52. Totals	16,460,363	16,460,363	15,614,420	
Parent, Subsidiaries and Affiliates	53. Totals				
	54. Total Common Stocks	22,868,405	22,868,405	20,109,226	
	55. Total Stocks	23,109,405	23,109,405	20,350,226	
	56. Total Bonds and Stocks	491,704,265	485,891,647	492,089,753	

SCHEDULE D - VERIFICATION BETWEEN YEARS
Bonds and Stocks

1. Book/adjusted carrying value of bonds and stocks, prior year	603,024,011	7. Amortization of premium	2,183,468
2. Cost of bonds and stocks acquired, Column 7, Part 3	185,962,255	8. Foreign Exchange Adjustment:	
3. Accrual of discount	439,951	8.1 Column 15, Part 1	
4. Increase (decrease) by adjustment:		8.2 Column 19, Part 2 Section 1	
4.1 Columns 12 - 14, Part 1		8.3 Column 16, Part 2, Section 2	
4.2 Column 15 - 17, Part 2, Section 1		8.4 Column 15, Part 4	
4.3 Column 15, Part 2, Section 2	(101,746)	9. Book/adjusted carrying value at end of current period	597,423,527
4.4 Column 11 - 13, Part 4	(1,457,165)	10. Total valuation allowance	(105,719,264)
5. Total gain (loss), Column 19, Part 4	1,712,404	11. Subtotal (Lines 9 plus 10)	491,704,263
6. Deduct consideration for bonds and stocks disposed of Column 7, Part 4	189,972,715	12. Total nonadmitted amounts	
		13. Statement value of bonds and stocks, current period	491,704,263

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

			1	2	Direct Business Only					
					3	4	5	6	7	8
State, Etc.			Guaranty Fund (Yes or No)	Is Insurer Licensed (Yes or No)	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life & Annuity Premiums & Deposit-Type Contract Funds	Property/ Casualty Premiums
1.	Alabama	AL	NO	NO						
2.	Alaska	AK	NO	NO						
3.	Arizona	AZ	NO	NO						
4.	Arkansas	AR	NO	NO						
5.	California	CA	NO	NO						
6.	Colorado	CO	NO	NO						
7.	Connecticut	CT	NO	NO						
8.	Delaware	DE	NO	NO						
9.	Dist. Columbia	DC	NO	NO						
10.	Florida	FL	NO	NO						
11.	Georgia	GA	NO	NO						
12.	Hawaii	HI	NO	NO						
13.	Idaho	ID	NO	NO						
14.	Illinois	IL	NO	NO						
15.	Indiana	IN	NO	NO						
16.	Iowa	IA	NO	NO						
17.	Kansas	KS	NO	NO						
18.	Kentucky	KY	NO	NO						
19.	Louisiana	LA	NO	NO						
20.	Maine	ME	NO	NO						
21.	Maryland	MD	NO	NO						
22.	Massachusetts	MA	NO	NO						
23.	Michigan	MI	NO	NO						
24.	Minnesota	MN	NO	NO						
25.	Mississippi	MS	NO	NO						
26.	Missouri	MO	NO	NO						
27.	Montana	MT	NO	NO						
28.	Nebraska	NE	NO	NO						
29.	Nevada	NV	NO	NO						
30.	New Hampshire	NH	NO	NO						
31.	New Jersey	NJ	NO	NO						
32.	New Mexico	NM	NO	NO						
33.	New York	NY	NO	NO						
34.	North Carolina	NC	NO	NO						
35.	North Dakota	ND	NO	NO						
36.	Ohio	OH	NO	NO						
37.	Oklahoma	OK	NO	NO						
38.	Oregon	OR	NO	NO						
39.	Pennsylvania	PA	NO	NO						
40.	Rhode Island	RI	NO	YES	1,086,120,019	366,220,206	35,382,636	86,913,873		
41.	South Carolina	SC	NO	NO						
42.	South Dakota	SD	NO	NO						
43.	Tennessee	TN	NO	NO						
44.	Texas	TX	NO	NO						
45.	Utah	UT	NO	NO						
46.	Vermont	VT	NO	NO						
47.	Virginia	VA	NO	NO						
48.	Washington	WA	NO	NO						
49.	West Virginia	WV	NO	NO						
50.	Wisconsin	WI	NO	NO						
51.	Wyoming	WY	NO	NO						
52.	American Samoa	AS	NO	NO						
53.	Guam	GU	NO	NO						
54.	Puerto Rico	PR	NO	NO						
55.	U.S. Virgin Islands	VI	NO	NO						
56.	Canada	CN	NO	NO						
57.	Aggregate other alien	OT	X X X	X X X						
58.	Subtotal		X X X	X X X	1,086,120,019	366,220,206	35,382,636	86,913,873		
59.	Reporting entity contributions for Employee Benefit Plans		X X X	X X X	13,132,971	63,926				
60.	Total (Direct Business)		X X X	(a) 1	1,099,252,990	366,284,132	35,382,636	86,913,873		

DETAILS OF WRITE-INS								
5701.			X X X	X X X				
5702.			X X X	X X X				
5703.			X X X	X X X				
5798.	Summary of remaining write-ins for Line 57 from overflow page		X X X	X X X				
5799.	Totals (Lines 5701 through 5703 plus 5798) (Line 57 above)		X X X	X X X				

Explanation of basis of allocation by states, premiums by state, etc.								

(a) Insert the number of yes responses except for Canada and other Alien.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART

1224	BLUE CROSS & BLUE SHIELD OF RHODE ISLAND	53473	RI	05-0158952	BLUE CROSS & BLUE SHIELD OF RHODE ISLAND
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OVERFLOW PAGE FOR WRITE-INS

OVERFLOW PAGE FOR WRITE-INS

Page 2 - Continuation
ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
REMAINING WRITE-INS AGGREGATED AT LINE 09 FOR INVESTED ASSETS				
0904.				
0905.				
0906.				
0907.				
0908.				
0909.				
0910.				
0911.				
0912.				
0913.				
0914.				
0915.				
0916.				
0917.				
0918.				
0919.				
0920.				
0921.				
0922.				
0923.				
0924.				
0925.				
0997. Totals (Lines 0904 through 0925) (Page 2, Line 0998)				
REMAINING WRITE-INS AGGREGATED AT LINE 23 FOR OTHER THAN INVESTED ASSETS				
2304. OTHER RECEIVABLES	10,665,298		10,665,298	7,200,765
2305. LEASEHOLD IMPROVEMENTS	39,579	39,579		
2306. PREPAID EXPENSE	10,360,768	10,360,768		866,881
2307.				
2308.				
2309.				
2310.				
2311.				
2312.				
2313.				
2314.				
2315.				
2316.				
2317.				
2318.				
2319.				
2320.				
2321.				
2322.				
2323.				
2324.				
2325.				
2397. Totals (Lines 2304 through 2325) (Page 2, Line 2398)	21,065,645	10,400,347	10,665,298	8,067,646

OVERFLOW PAGE FOR WRITE-INS

Page 3 - Continuation
LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1	2	3	4
	Covered	Uncovered	Total	Total

REMAINING WRITE-INS AGGREGATED AT LINE 21 FOR OTHER LIABILITIES

2104.	CAPITAL LEASES			48,161
2105.	ESTIMATED RISK SHARE	427,955	427,955	11,557,259
2106.	PAYABLE FOR ANNUAL EXPERIENCE ACCOUNTING	571,919	571,919	1,238,928
2107.				
2108.				
2109.				
2110.				
2111.				
2112.				
2113.				
2114.				
2115.				
2116.				
2117.				
2118.				
2119.				
2120.				
2121.				
2122.				
2123.				
2124.				
2125.				
2197.	Totals (Lines 2104 through 2125) (Page 3, Line 2198)	999,874	999,874	12,844,348

REMAINING WRITE-INS AGGREGATED AT LINE 23 FOR SPECIAL SURPLUS FUNDS

2304.		X X X	X X X	
2305.		X X X	X X X	
2306.		X X X	X X X	
2307.		X X X	X X X	
2308.		X X X	X X X	
2309.		X X X	X X X	
2310.		X X X	X X X	
2311.		X X X	X X X	
2312.		X X X	X X X	
2313.		X X X	X X X	
2314.		X X X	X X X	
2315.		X X X	X X X	
2316.		X X X	X X X	
2317.		X X X	X X X	
2318.		X X X	X X X	
2319.		X X X	X X X	
2320.		X X X	X X X	
2321.		X X X	X X X	
2322.		X X X	X X X	
2323.		X X X	X X X	
2324.		X X X	X X X	
2325.		X X X	X X X	
2397.	Totals (Lines 2304 through 2325) (Page 3, Line 2398)	X X X	X X X	

REMAINING WRITE-INS AGGREGATED AT LINE 28 FOR OTHER THAN SPECIAL SURPLUS FUNDS

2804.		X X X	X X X	
2805.		X X X	X X X	
2806.		X X X	X X X	
2807.		X X X	X X X	
2808.		X X X	X X X	
2809.		X X X	X X X	
2810.		X X X	X X X	
2811.		X X X	X X X	
2812.		X X X	X X X	
2813.		X X X	X X X	
2814.		X X X	X X X	
2815.		X X X	X X X	
2816.		X X X	X X X	
2817.		X X X	X X X	
2818.		X X X	X X X	
2819.		X X X	X X X	
2820.		X X X	X X X	
2821.		X X X	X X X	
2822.		X X X	X X X	
2823.		X X X	X X X	
2824.		X X X	X X X	
2825.		X X X	X X X	
2897.	Totals (Lines 2804 through 2825) (Page 3, Line 2898)	X X X	X X X	

OVERFLOW PAGE FOR WRITE-INS

Page 4 - Continuation
STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
REMAINING WRITE-INS AGGREGATED AT LINE 29 FOR OTHER INCOME OR EXPENSES			
2904. PHYSICIAN FEE REIMBURSEMENT		(10,682,595)	(5,068,545)
2905. SHAPE FOUNDATION GRANTS		(750,000)	(4,418,454)
2906. COMMISSION CEDING FEES		800,389	
2907.			
2908.			
2909.			
2910.			
2911.			
2912.			
2913.			
2914.			
2915.			
2916.			
2917.			
2918.			
2919.			
2920.			
2921.			
2922.			
2923.			
2924.			
2925.			
2997. Totals (Lines 2904 through 2925) (Page 4, Line 2998)		(10,632,206)	(9,486,999)

OVERFLOW PAGE FOR WRITE-INS

Page 5 - Continuation
STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year	2 Prior Year
REMAINING WRITE-INS AGGREGATED AT LINE 47 FOR GAINS OR (LOSSES) IN SURPLUS		
4704.
4705.
4706.
4707.
4708.
4709.
4710.
4711.
4712.
4713.
4714.
4715.
4716.
4717.
4718.
4719.
4720.
4721.
4722.
4723.
4724.
4725.
4797. Totals (Lines 4704 through 4725) (Page 5, Line 4798)		

OVERFLOW PAGE FOR WRITE-INS

Page 14 - Continuation
UNDERWRITING AND INVESTMENT EXHIBIT
PART 3 - ANALYSIS OF EXPENSES

	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses	3 General Administrative Expenses	4 Investment Expenses	5 Total
REMAINING WRITE-INS AGGREGATED AT LINE 25 FOR EXPENSES					
2504. AGENCY & PORTFOLIO MANAGEMENT FEES				958,047	958,047
2505. CLAIMS HANDLING EXPENSE		(1,754,792)			(1,754,792)
2506. MENTAL HEALTH ADMINISTRATIVE FEES	1,097,506	1,975,925			3,073,431
2507. PHARMACY ADMINISTRATIVE FEES	450,809	811,626			1,262,435
2508. BLUECARD ADMIN FEE INCOME	(4,073,969)	(7,334,685)			(11,408,654)
2509. WORKER'S COMPENSATION CLMS PROCESSING FEES	(801,946)	(1,443,805)			(2,245,751)
2510.					
2511.					
2512.					
2513.					
2514.					
2515.					
2516.					
2517.					
2518.					
2519.					
2520.					
2521.					
2522.					
2523.					
2524.					
2525.					
2597. Totals (Lines 2504 through 2525) (Page 14, Line 2598)	(3,327,600)	(7,745,731)		958,047	(10,115,284)